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ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2026

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BRIEFS

YUGOSLAV-ALBANIAN TRADE--Albania is one of the seven countries bordering Yugoslavia and one of the six countries with which it has a negative balance of trade. In the first six months of 1979 Yugoslavia exported 92 products valued at 203 million dinars and imported 43 products valued at 212.8 million dinars, which means that for 100 dinars exported 105 dinars was spent for imports. The largest export items were sunflower oil (43.3 million dinars), ferro chromium, ferro manganese, and ferro silicon (25 million dinars), 16 chemical products (24 million dinars), various kinds of refractory bricks (18 million dinars), television sets (17.2 million dinars), as well as smaller amounts for raw cotton, asbestos fiber, paper and cartons, pumps, machines for metal processing, roller and ball bearings, urban transportation buses, and some consumer goods. Yugoslavia imported from Albania in this period electric power (64.5 million dinars), chromium ore (54.8 million dinars), tobacco (19.5 million dinars), men's clothing, shoes, and under clothing (16 million dinars), various kinds of cotton fibers (13.2 million dinars), brandy (7.4 million dinars), medicinal herbs (4.5 million dinars), and smaller amounts of other products of lesser value. [Text] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 17 Jun 80 p 2]

YUGOSLAV-POLISH TRADE--The first 4 months of 1980 Yugoslav-Polish trade shows a lag compared to the planned rate, although it is quite successful considering the problems which have been accompanying it. Yugoslav exports in this period were valued at $94.2 million, while imports from Poland amounted to $96.9 million in value. A trade balance was largely maintained but the Yugoslav favorable balance at the end of last year and in January of this year was "spent" and a slight deficit has begun to grow. Last year Yugoslav exports amounted to $315 million, while imports from Poland amounted to $313 million. In 1980 a total trade volume of $735 million is planned. Last year Yugoslav-Polish trade based on enterprise cooperation and specialization amounted to 26.8 percent of total trade. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 17 Jun 80 p 3]

SOVIET AGREEMENT WITH NIS PLANT--An economic delegation from the USSR led by Nikolay Bezus, deputy minister of the Ministry for Instruments, Automation, and Control Systems, has spent a 4-day visit to the Electronic Industry in Nis. A long-term protocol was signed on scientific-technical cooperation with Mirko Minic, deputy president of the business council of the Nis plant. The protocol established the basis and principles of cooperation to begin after 1983 especially in trade in electro-medical and X-ray equipment which is now valued at about $6.5 million annually but will be tripled when new cooperation begins. The value of trade in X-ray equipment alone should be about $26 million in 1986. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 24 Jun 80 p 12]

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MISKA STRESSES SELF-RELIANCE IN PLAN FULFILLMENT

Tirana BASHKIMI in Albanian 25 Apr 80 pp 1, 2

[Interview with Pali Miska, Politburo member, deputy chairman of Council of Ministers: "The Seventh Five-Year Plan Will Be Drafted and Fully Realized Through Self-Reliance"]

[Text] [Question] Comrade Pali, as is known, the Politburo of the Central Committee of the Albanian Workers Party and the Council of Ministers of the People's Socialist Republic of Albania have directed that work be done throughout our country to draw up the draft plan for the 1981-1985 five-year plan.

[Answer] The Politburo of the party Central Committee and the Council of Ministers have worked out the main guidelines and tasks of the development of economy and culture, in order to draw up the draft Seventh Five-Year Plan for 1981-1985, with the broad and direct participation of all workers of the city and the village. Comrade Enver Hoxha's speech to the Politburo constitutes the basic guidelines on which the party organizations, the state and economic organs as well as all the working collectives will rely in their work of drawing up the draft five-year plan.

The 5-year period which is concluding is a one of important victories for our party and the people. They are a result of the heroic struggle and efforts of the working masses to implement the directives of the Seventh Party Congress for the fulfillment of the tasks of the Sixth Five-Year Plan. During this period, our party and the people successfully overcame the many difficulties created by the Chinese revisionists through their activity, those of the encirclement and imperialist-revisionist economic blockade, as well as the great damages of the natural disaster, the 15 April earthquake which hit several areas of our country.

All these victories could have been achieved only through a healthy, varied and vigorous economy, tested in all battles and able to develop at higher rates, by relying totally on our own forces, on our material, financial, foreign currency resources and in all conditions and situations, no matter how difficult. Today, our people face even greater tasks for the comprehensive development of our country during the Seventh Five-Year Plan period, 1981-1985.

The main characteristic of the draft Seventh Five-Year Plan is that it will be worked out on the basis of the principle of relying totally on our own forces, on our internal resources, on the natural riches of our country and on the ever fuller utilization of the existing material-technical base, without any credits or aid from abroad. It will rely on the great results which our country has attained as a result of its correct Marxist-Leninist line and of the teachings of Comrade Enver, it will rely on our powerful economy, which has grown and become more powerful at high rates from one 5-year plan to another, by successfully facing all tides of capitalist pressure and the sabotage of the Chinese revisionists.

The high rates of development are another characteristic of the five-year plan we are drafting. The dynamic development of our economy, the vitality and the experience gained, make it possible to maintain, in the future, too, high rates of development in all branches of the economy which are 3-4 times higher than the rates of population growth. It follows from the preliminary data that the increase in social product alone will be greater than the increase in social production realized during the 15 year period 1950-1965.

As a result of the rates of growth envisaged for the various branches, the necessary conditions will be created during the Seventh Five-Year Plan to provide the people's economy in the future with higher rates of development and prospects on the road to the socialist construction of the country.

These high rates of economic development are not only a wish but a necessity resulting from the nature of our socialist economic-social order and from the demands of the objective economic laws of socialism on the basis of which our socialist economy and life develops. These rates reflect the real capabilities which our economy has attained, its vitality and dynamics and the correctness of the political line of the party of our country under the concrete conditions of the situation in which we build socialism surrounded by imperialist and revisionist enemies.

Another very important characteristic feature of the draft five-year plan is the ever better harmonization of the indexes of production with the other economic and financial indexes. It is important to define for the draft plan clear and controllable tasks for industrial and agricultural production expenses, to determine the analytical indexes of productivity so that these indexes will be fully harmonized during the drafting of the plan; in other words, during planning, attention should not be concentrated simply on the indexes of production, construction and service, but also on all other indexes, especially, those of productivity and of expenses for the production of all financial indexes, to which as much attention must be devoted as to those of production, so that there can be full harmonization between them.

In this connection, Comrade Enver states: "All of us, the party and the directors of the economy must keep well in mind the fact that the plan means not only production, but also productivity, accumulation, export and so forth...there should be no gap whatever between expanded socialist reproduction in kind or in consumer value, and the income value. Steel, bread, petroleum, cement, textiles and food products are, therefore, as important as the financial and foreign currency resources."

Harmonious development, coordinated also by means of correct proportions, on the basis of the Marxist-Leninist principle of democratic centralism, has been and remains the distinguishing characteristic of all of our plans. But in the conditions in which our economy has grown and become powerful in all of its branches, and under conditions in which this development will proceed at higher rates during the Seventh Five-Year Plan period, too, through the construction of hundreds of new factories, plants, lines and sections, which will further strengthen the technical material base of the country, the problems of cooperation take on added dimensions. The task is for all the relationships and the ratios between the enterprises, agricultural cooperatives, the districts and the economic and cultural enterprises to find the fullest possible reflection and implementation in the drawing up of the draft Seventh Five-Year Plan. In this direction, a particular effort must be made by the production enterprises with the consumers, so that the tasks of production will meet the needs of the economy, of the people and of exports, for all the nomenclatures and especially for the new products.

[Question] What are the principal directions and the branches in which attention will be concentrated during the drawing up of the draft Seventh Five-Year Plan?

[Answer] A principal direction must be the rapid growth of industry, and above all, of the extracting and processing industry, by increasing production, especially through the fuller exploitation of existing capacities and by using as a basis the ever more intensive and extensive processing of the resources of our country. Over 50 percent of the industrial production increase of the coming five-year plan will be a result of the fuller exploitation of the existing productive capacities.

This requires the better organization and the further intensification of the exploitation of valuable minerals, petroleum and gas, by exploring every inch of the country. More compact tasks must be assigned for the extraction of petroleum and of gas, by paying particular attention to the more intensive exploitation of the existing minerals because in this sector there are great reserves for the reduction of mineral wastes, for the reduction of the level of waste and for the further increase of the coefficient of the extraction of oil from deposits, a coefficient which is still low.

Another important direction is the raising of the level of processing of minerals, of petroleum and of gas so as to better utilize them, also including the poor minerals and also those which for the time being are unusable, in order to introduce them fully in economic circulation and to use them for export. The principal road in this field must be the expansion and the reconstruction of existing enrichment enterprises to increase the valuable components in these minerals and especially their processing in the metallurgical industry, by improving at the same time the economic indexes through the increase of the level of recovery, reduction in the consumption of energy materials, the improvement of quality, and so forth. In this direction, the "Steel of the Party" metallurgical combine faces great tasks for the increase of the quantity of steel and assortments, on the basis of the raw materials of the country, the main objective being to have full profitability and no losses in their processing.

The rapid production increase in the machine building industry is an important direction where attention must be concentrated during the drawing up of the draft five-year plan. The party has recommended that along with the domestic production of over 95 percent of the required spare parts, a considerable increase in the production of machines, equipment, lines and complete plants should take place also to meet the great needs of the economy during this five-year plan period. This task must be realized, especially by using intensively the great resources which exist in this branch in the utilization of the metal-cutting machines, extensively and intensively.

Priority will be given to the branches producing energy materials and electric energy, because they constitute the basis for the development of the other branches of the economy. Great tasks arise under the concrete conditions of the comprehensive strengthening of the system of conservation of these materials and their rational use in every sector of the people's economy.

The increase in consumer goods to meet the requirements of the people and to improve the standard of living of the masses is another important direction which must draw the attention of the collectives and of the cadres during the drawing up the draft five-year plan, by considering this as an important problem of the economic policy of the party.

One of the principal issues of the coming five-year plan period is the strengthening of agriculture to increase agricultural and dairy products so as to satisfy the needs of the country and increase exports.

The party and state organs in the districts and the directors of agricultural units must occupy themselves seriously with progressive experience and must plan compact tasks for increasing the productivity of agricultural and dairy products, because it is precisely here where great reserves exist which continue to remain unutilized. It is essential that the planning of tasks in the agricultural sector be carried out by taking into consideration the reduction expenses per 100 lek of production, by establishing everywhere accounts for crops and all other organizational measures, so as to definitely insure a high profit for every product and in every enterprise and agricultural cooperative.

Important tasks face the transportation workers in using to the maximum extent, the transport capacities by improving to a considerable degree the coefficients for the use of all kinds of transportation means, to raise to a much higher level the use of trailers, not only by the motor pools of the Ministry of Communications, but also by all the motor pools and utilities in the economy belonging to other ministries and enterprises. The same concern must be shown in regard to the compact tasks for the development and the use of telphers of transportation by carriages, carts and so forth.

The development of the economy and of culture during the coming five-year plan period will surely require large funds of accumulation. Therefore, the increase and the guarantee of material, monetary and foreign currency funds, which are related to the implementation of the necessary accumulation for the development of the various branches of the economy and of culture, constitutes one of the major issues during the work for the drafting of the coming five-year plan. The state and economic organs at the central, district and grassroot level, before drafting and envisaging the tasks for investments, constructions, expansions, imports and so forth, must think about how to increase to a maximum the material, monetary and foreign currency resources which are needed to insure expanded socialist reproduction at rapid rates.

Therefore, the questions regarding conservation of materials, of raw materials, the increase of productivity, reduction of cost, the increase of exports and of other indexes which have to do with the growth of economic effectiveness in general and of resources of accumulation in particular, must be thoroughly and comprehensively treated and discussed by the working collectives. Practice shows that in these fields there exist many large reserves, and today it is urgently necessary to raise the level of responsibility of everyone, so that these reserves do not remain unused, and that they are used, in the best possible manner, to the benefit of the economy. This must be kept in mind during the drafting of the Seventh five-year plan, in order to plan even the smallest possible reserve for exploitation. As Comrade Enver recommends, a thorough work must be carried out in this connection, both in the field of planning and in that of fulfillment. This means that correct concepts and deep convictions must be created in each worker, cooperativist and cadres, that changes must take place in the use of material values and in the appraisal of expenses made for production.

[Question] Can you tell us about the principal ways to be pursued for drafting this plan and the measures which must be taken by the state and economic organs?

[Answer] The drawing up of the draft plan must follow the road of the precise implementation of the criteria of planning methodology, for the drafting of a scientific and mobilizing plan with compact tasks by utilizing all existing possibilities and reserves, by relying fully on our own forces, on the natural riches of our country and on the existing material base which we have created.

For this to be realized, it is essential for the plan to be drafted by the masses, discussed and examined, and the figures should be proposed by the workers and the cooperativists, from the smallest unit of production and up to the level of the enterprise and combine.

The discussion of the figures of the draft plan must be carried out after a good and comprehensive political, ideological and organizational preparation, by taking into consideration the results realized so far, and especially the progressive experience. The results of progressive experience must be raised to the level of brigades, sectors, enterprises, cooperatives, districts, to the branch level and to the level of the entire country, and they should become the basis for profound analyses and heated discussions in all the working collectives so as to severely oppose liberal and bureaucratic manifestations during the preparation of the draft five-year plan.

Decisive in this field is the avoidance of global figures. It is therefore, essential to execute these quotas in quantity, type for type, in kind and in value for every sector and brigade, and possibly for every worker, so that the analysis and the discussion will become concrete and comprehensible to the working class and working peasantry. It must be made clear to the workers how much they must produce and not only that, and also, how expensive the production will be, so as to correctly assess the increase of production and its level of profitability.

During the drawing up of the draft plan, special attention must be given to the enterprises and activities which register losses so that this situation can be remedied.

Every case of loss must be discussed broadly and thoroughly by the working collectives to find the causes and ways to avoid them in the future. The management cadres, and in particular the financial workers and those of the State Bank must watch the process very carefully, so as to find all the ways to increase profitability and to severely denounce illegal and unjust actions which have led to losses or to failure to achieve profit.

Comrade Enver recommends that "The improvements which we must make in economic and financial terms require further perfection of the work of the state organs, of planning and of finance in regard to these problems, and the discovery of more scientific and skillful methods both in the center and at the grassroot level."

Special attention must be devoted to the correct planning of production expenses, especially costs, by avoiding globalism and cost at the expense level, crop accounts must be broadly introduced in agriculture, compact tasks must be set for the level of profit, by harmonizing all these with the indexes of cost, so as to prevent contradictory manifestations, when, on the one hand, the cost decreases, and on the other hand, the net income is not realized, or the opposite happens.

A fierce struggle must be waged against manifestations of planning with reserves, and against a lazy attitude toward the fulfillment of the plan tasks. But at the same time one must not succumb to euphoria and therefore, planning should be based on real foundations, according to the existing possibilities and not according to desires, thus fighting every manifestation of voluntarism.

But, in the first place, and above all, during the discussion and drafting of the plan at the grassroot level, there must be a strong fight against formalism which, in some cases, has been evident during the drafting of plans and the implementation of planning methodology. Therefore, it is essential that this methodology is well and profoundly understood by all the workers and is carried out to the letter by all the links of the state apparatus.

The draft Seventh Five-Year Plan must be drawn up by relying on cooperation and specialization of production. Ministerial and localistic tendencies to have and to produce everything themselves must be fought. The principle of self-reliance is carried out totally on a national level, and the economy has by now reached such a level of development that it becomes essential to expand, more and more, specialization and cooperation. The goods must be produced where conditions exist to produce them with higher quality and at lower cost, and in this way the requirements for all sectors will be met reciprocally.

Specialization and cooperation of production should not be understood only for the machine building industry but also for the other sectors of industry, agriculture and the entire economy.

The objectives which will be defined in the five-year plan period will strongly rely on the further deepening of the scientific-technical revolution. This is very important, especially now that the development of the country relies fully on our own forces without any aid or credits from abroad. The studies in this direction will be directed, in the first place, to the drafting of and construction of new projects. In the present study plan of subjects, over 50 percent are studies and drafts for the projects to be built during the coming five-year plan period; other studies must be planned to solve important problems of the production technology, to implement progressive technology, to improve quality and so forth. Therefore, the drafting of the plan must rely on the intensification of studies, on the broad expansion of research and scientific work, because only in this manner can many problems which arise be solved.

The state organs in the districts and at the center have important tasks in connection with the discussion, examination and drafting of the draft Seventh Five-Year Plan. They must provide the grassroots with all the necessary information continuously they must work together with them for the drafting of the plan, must see to it that profound discussions and examinations take place and prevent any kind of formalist manifestations.

At the same time, these organs in the districts and at the center, along with the discussion at the grassroots level, must work in the sections and in the directorates to prepare all the necessary information, so that as soon as the data are received from the grassroots, the plans are immediately prepared for approval by the responsible organs within the established deadlines.

Through the efforts and the mobilization of the working masses and of all the state organs in the districts and at the center, under the leadership of the basic party organizations, in every branch and sector of the economy, a scientific and mobilizing plan which will best meet the tasks laid down by the party will be drafted.

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MINISTER LER GIVES FINAL BUDGET ACCOUNTING FOR 1979

Brno ROVNOST in Czech 11 Jun 80 pp 1, 4

[Press report: "From Federal Finance Minister Leopold Ler's Comments on the Appropriation Accounts for 1979, at the Joint Session of the Federal Assembly's House of People and House of Nations"]

[Text] The government of the Czechoslovak Socialist Republic submits to the Federal Assembly the draft of the appropriation accounts for 1979 and, in conjunction with it, also a report on the results of fiscal management during the completed fourth year of the Sixth Five-Year Plan.

After the April debate in the Federal Assembly on the federal government's report concerning fulfillment of its program declaration, this is another opportunity to analyze the results achieved in the development of our economy. Here we start out from the conclusions of the 14th session of the CPCZ Central Committee that discussed the tasks for this year and evaluated the results of our work in 1976-1979.

During the first four years of this five-year period we have made progress in developing our economy and in increasing the economic potential of our country. National income in 1979 was 17 percent higher than in 1975. Industrial output during the same period increased 21 percent, and the average annual farm output is 7.6 percent higher than the average attained during the preceding five years.

The past year was more difficult for our economy than 1978 had been. The complexity of the domestic and particularly of the external economic conditions, characteristic of the second half of the 1970's, was aggravated--as we very well know--by problems in the fuel and power branch at the beginning of the year, and these problems left their imprint also on the other branches during the rest of the year. The farm output was affected by bad weather, and on foreign markets prices continued to develop unfavorably from our point of view.

During the year, in cooperation with all levels of management, the government had to solve flexibly a number of serious problems and to adopt measures to ensure the continuous functioning of the economy.

The formation of material resources was higher than in 1978 in all principal branches except agriculture, but it fell short of the plan: industrial output and the volume of construction work increased by 3.7 percent, as compared with increases of 4.1 and 5.5 percent respectively, anticipated in the plan. The farm output's 3.9-percent decline in comparison with 1978, and in contrast with the 2.7-percent increase anticipated in the plan, had an unfavorable impact. This dropout manifested itself not only in the need to import 6.0 billion korunas' worth of grain in excess of the plan, but also in lower economic results in the agricultural sector, which in turn affected fulfillment of the annual budget and required exceptional mobilization of financial and credit resources.

The slower growth rate of production in comparison with the plan manifested itself, on balance for the entire economy, also in a smaller increase of national income: only 2.8 percent as compared with the 4.0 percent planned and the 4.1-percent average for the period 1976-1978.

Despite certain favorable results, the planned targets for greater effectiveness were not ensured entirely, while the rise of labor productivity fell short of the planned rate and was more wage-intensive than the plan had anticipated.

Results of Fiscal Management and of Fulfilling the State Budget

The mentioned developmental trends and departures from the plan were reflected also in the area of finance. The growth rate of financial resources created by our economy last year was lower than in 1978, and in conjunction with this also the growth rate of expenditures slowed down.

In administering the state budget we were able to fulfill the basic tasks in terms of total revenue and expenditure, and basically also in terms of their economic structure. Total revenue and expenditure for the state budgets jointly exceeded the planned level by 0.2 percent. Revenue amounted to 249 billion 886 million korunas; and expenditure, to 249 billion 835 million korunas. This created the prerequisites for fulfilling one of the basic targets of budgetary policy for the period of the Sixth Five-Year Plan: the balancing of the budget.

The achieved surplus totals 51 million korunas, including 25 million in the federal budget, 19 million in the CSR budget, and 7.0 million in the SSR budget.

The principal tasks were fulfilled also in administering the budgets of the national committees. Revenue totaled 102 billion 706 million korunas and exceeded the planned volume by 3.3 percent, primarily as a result of higher supplementary and other sources of revenue.

This made it possible to exceed also the planned volume of expenditure by 1.1 percent, so that revenue exceeded expenditure by 2 billion 184 million korunas. Thereby it was possible to augment the reserve funds and development funds of the national committees, funds which are significant sources of financing the realization of the National Front's election programs.

The structure of budgetary revenue and expenditure was essentially in agreement with the planned objectives. Within the framework of the budgetary system, investment and nonivestment expenditures on the economy accounted for 43.9 percent of total budgetary expenditure; expenditures in the social and cultural area, for 46.6 percent; expenditures for defense and security, for 7.3 percent; and administration expenditures, for 2.2 percent. This structure of expenditures was basically the same as in 1978.

In sum, we may rate the overall results of budgetary administration favorably, because the ensuring of a balanced budget was not a simple task.

However, we cannot overlook the fact that for the total financing of the reproduction process it was necessary to continue to use external financial resources. Revision of the retail prices of certain goods and services also contributed to some extent toward balancing the budget.

Balance of National Economy and of Its Components

We regard the state appropriation accounts as the balance of the entire economy and of its components. These are not idle figures; they are expressions of the concrete results of our work, economic facts that illustrate what we are doing well and what are our weaknesses. These figures have again confirmed what Comrade Gustav Husak, secretary general of the CPCZ Central Committee and President of the Republic, said at the ceremonial session in Prague Castle, when we commemorated the 35th anniversary of Czechoslovakia's liberation by the Soviet Army:

"In the various sectors there are problems and difficulties, certain departures in plan fulfillment, considerable shortcomings in managerial work and in implementing the adopted resolutions. Therefore the Central Committee places great emphasis on perfecting managerial work, on overcoming more forcefully the obstacles in the course of production, on improving the quality and raising the technical level of the products, on better utilizing the existing reserves, on fulfilling the tasks of this year's plan and on creating the prerequisites for transition to the Seventh Five-Year Plan."

Comrades, performance, effectiveness, quality, the appreciation of raw materials, the practical application of scientific and technological progress, the material intensity and labor intensity are projected particularly in the development of the enterprise sector's profit and costs. The financial plan for 1979 called for 98.8 billion korunas of profit, and statewide this target was exceeded by 280 million korunas. Under comparable conditions, profit last year increased by 7.28 billion korunas.

However, profit formation departed from the plan's objectives, rather unevenly in the individual branches. Cost reduction accounted for 52 percent of the profit from the domestic economy (the plan had called for a 58-percent share), while the rest of the profit, i.e., 48 percent, was achieved through higher performances and yields. In absolute terms, the planned cost level was exceeded by 910 million korunas.

The consumption of materials and energy was reduced by more than what the plan had anticipated, and the planned relationship between wage costs and performances that was disrupted at the beginning of the year was subsequently restored. The financial costs, however, were high. For example, the costs of shortages and losses totaled 1.1 billion korunas; fines and penalties, 1.6 billion; and the unevenness of production increased the demand for credits by 1.6 billion korunas.

Total transfers of revenue by economic organizations to the state budget and to the budgets of the national committees fell short of the plan by 2.0 billion korunas. Subsidies for economic organizations were lower by 1.1 billion korunas than what the plan anticipated, because applications for investment and noninvestment subsidies declined.

In sum, fulfillment of the total transfers of revenue and total subsidies for the economy was reflected in that the credit balance of the economic organizations in relation to the budget was lower by nearly 1.0 billion korunas in comparison with the plan. This was evident particularly in the lower effectiveness of our foreign trade, which has been constantly declining in recent years.

External Economic Relations, Investments

We are a country whose economic growth depends on the development of the international division of labor and on its effectiveness. Therefore we must apply the criteria of the world market also to our production, to a greater extent than up to now. To produce and export effectively under our conditions means that we must keep pace with world competition, not only in terms of the technical and economic level of our products, but also in terms of their production costs. Only on this basis can we export more advantageously and more easily, which is one of the key questions of our economy at the present time.

Economic and scientific-technical cooperation with the Soviet Union is the backbone of our external economic relations. This applies not only to raw materials, without which our industry would grind to a halt, but also to the qualitatively higher forms of economic cooperation that are becoming more and more significant. In March of this year we signed at the governmental level an important political and economic document, a long-term program of production specialization and coproduction between Czechoslovakia and the Soviet Union, through 1990. This program specifies the objectives, forms and principal tasks of cooperation in the areas of material production, science and technology, and also in the area of the material and technical base of production, including the securing of the principal types of fuels and raw materials.

Investments are another important area where the problems of our economic growth are concentrated. Investments increased at a relatively high rate in the preceding years, faster than the utilization of national income, and this created stresses in the economy. For 1979 the government adopted measures to stabilize the rate of investment, i.e., to limit the growth rate of investments.

This objective was essentially realized: investments at constant prices increased 1.8 percent in 1979, whereas the average annual growth rate in the period 1976-1978 was 4.7 percent. Despite this curtailment of the growth rate of investments, the substantive problems of this area persist, and their solution through a series of adopted measures is proceeding more slowly than what would be necessary. This applies to the stage of preparing the adopted measures, and also to their actual realization.

Last year, 58.5 billion korunas was spent on financing investments from the state budgets and the budgets of the national committees. This was 3.4 billion korunas less than what we had planned. This shortfall is concentrated in the sphere of budgetary organizations, and its rate is greater than in the preceding years. Proof of this is the continuation of the unfavorable trends in securing physically the development of this area of the infrastructure.

Advances in science and technology, and the practical application of their results increasingly determine the effectiveness of the economy. Our society's expenditures for this purpose are by no means insignificant. They are increasing year by year and account for roughly 3.5 percent of the spent national income, which is a fairly high rate by international comparisons.

Statewide we spent 15.5 billion korunas last year on nonivestment expenditures for the development of science and technology. This was 1.9 percent more than what we spent in 1978. Resources of the state budget accounted for 6.4 billion korunas of this amount, and the own financial resources of the enterprise sphere provided the remaining 9.1 billion korunas. Practically every year, a number of tasks within the state programs of technical development are not fully solved; last year this was true of 37 tasks, i.e., more than 10 percent of the total number.

Comrades, the drafting of the state appropriation accounts was preceded by annual analyses of economic activity and by evaluation of the results that the economic organizations achieved.

In agreement with the conclusions of the 15th CPCZ Congress and of the appropriate sessions of the CPCZ Central Committee, attention in analyzing the 1979 economic results of the economic production units and enterprises focused on the questions of greater effectiveness and quality.

At the organizations that operated effectively last year, the results of their activity were closed without reservations. Such organizations accounted for 78 percent of the total number, whereas their proportion the preceding year was 83 percent.

The fact that the economic activity of the same organizations was again closed under a regimen of control or special conditions indicates that these enterprises and economic production units persistently fail to fulfill their tasks, and that their superior organs are not devoting adequate attention to them, particularly in solving the problems that the organizations are unable to master on their own.

Measures to improve profitability, effectiveness and performance of the economy are becoming more and more significant in our economic policy. An inseparable part of this economic policy is pressure for economization, discipline, order and responsibility.

Since our imports today are roughly 25 percent more expensive than in 1975 while the rise of our export prices has been slower by 10 percentage points, it should be clear to everyone that we cannot afford any longer what we have been able to afford earlier. We must economize on raw materials, energy, investments, imports and social consumption--along the entire line.

Emphasis on Economization

To strengthen planning and budgetary discipline, for greater economization and to improve the quality of social labor, the government adopted a series of measures that represent an essentially stricter policy, and stricter requirements and penalties as compared with the past period.

For the economic, budgetary and budget-subsidized organizations, limits have been set on selected cost items such as comprehensive travel allowances, entertainment, gifts and refreshments, etc. The set limits have saved in all nearly 1.5 billion korunas.

Likewise fulfillment of the tasks and measures to make motor transportation more economical is the subject of systematic control. The economization measures that the government adopted in 1978 have resulted in a significant decline of the total consumption of gasoline in the socialist sector. Whereas in the preceding years this consumption had been rising constantly, last year it dropped by 90,000 tons as compared with 1977.

The favorable results of these measures, aimed at reinforcing a regimen of economization, demonstrate that most organizations have correctly understood the importance of these measures. For 1980, as you very well know, we have adopted further measures in this direction, and their realization must now lie in the center of our attention.

At present we are implementing also measures to reduce the administrative apparatus. We want to eliminate unnecessary paperwork, and we are considering ways of reducing the labor intensity of administration in general.

Since the beginning of last year, in accordance with the measures introduced by the government, we have been imposing stricter penalties on work of inferior quality. The costs of claims and other losses resulting from inferior production directly affect the material incentives of the enterprises and their workers.

At industrial and construction enterprises last year, losses resulting from inferior production totaled about 1.2 billion korunas. As a result, the drawing of wage resources was reduced on average by 0.2 percent. At some enterprises, however, this docking was significantly greater, exerting strong economic pressure and creating serious difficulties in financial management. The organizations must resolve these difficulties by adopting effective measures to improve the quality of work.

The ministries of finance and the financial administrations also held a series of routine checks and audits at the economic and other organizations, to further strengthen financial discipline, to promote economization and effectiveness, and to create order in financial reporting. For example, merely the additional transfers of revenue to the state budget that the financial administrations ordered on the basis of their routine checks and audits in 1979 totaled 691 million korunas.

Set of Measures to Perfect the System of Management

An important document that is the basis for achieving the greater effectiveness of planning and management is the joint resolution of the CPCZ Central Committee's Presidium and the government, concerning the Set of Measures to Perfect the System of the Economy's Planned Management After 1980. It starts out from the proven Leninist principles of reinforcing the party's leading role in managing economic and social development, of strengthening the social ownership of the means of production, of creatively implementing the principles of democratic centralism, and of developing worker participation in management.

The Set of Measures ties in with a series of modifications already implemented under the current five-year plan, and also with the conclusions of analyses of how the system of planned management is functioning, and of the comprehensive experiment to manage effectiveness and quality.

When drafting the Seventh Five-Year Plan and the plan for 1981, it is necessary to closely combine the solution of the substantive problems with the application of the new approaches to planning and management, so as to achieve greater effectiveness and better quality at every workplace, in agreement with the objectives of the Set of Measures. Greater responsibility and material incentives must be directed from the very beginning toward drafting a good and progressive plan, utilizing for this purpose the methods of counterplanning, the perfection of internal management, and improvement of the direct managing and organizing work of all managing officials.

Comrades, the party and state organs are devoting constant attention to the questions of economic growth and of raising the standard of living, because the basic objective of the party's economic policy is to satisfy the material and intellectual needs of the population.

Rising Standard of Living

In 1979, despite the difficult economic conditions, we were able to preserve the attained standard of living, and to develop it further in some respects. The population's money income increased, personal consumption rose, and also savings deposits increased, although on a smaller scale in comparison with both the plan and the preceding years.

In accordance with the objectives of economic policy, expenditures from the state budget for social security, health care, education and culture likewise increased last year. Through these expenditures our society is securing an important area of the population's standard of living. Last year these expenditures totaled 117.7 billion korunas, 5 percent more than the preceding year. Per capita these outlays amounted to 7723 korunas, or to 8472 korunas if we add the free services from the resources of the enterprises and organizations.

Expenditures on social security totaled 65.3 billion korunas. Their increase over 1978 was 3.4 billion korunas, and the higher pensions and family allowances that were raised in conjunction with the revision of the retail prices also contributed to this increase. This increase and the effect of higher wages raised the average old-age pension by 52 korunas, to 1160 korunas.

Our society is allotting substantial resources for the training of the younger generation and for raising the level of our educational system. In this area we spent 21.1 billion korunas, 3.7 percent more than the preceding year.

Here the planned volume of expenditure was exceeded by 270 million korunas or 1.3 percent, and this overspending was covered from the supplementary resources of the national committees. In comparison with the budget outlook, expenditures for education were exceeded by nearly 4.0 billion korunas during the first four years of the Sixth Five-Year Plan. Measures to implement the project for the further development of the Czechoslovak educational system, which had not been icluded in the budget outlook, accounted for 1.57 billion korunas of this overspending. Another substantial part of this overspending was due to expenditures in conjunction with the commissioning of capacities in excess of the plan, particularly of kindergartens that were built within the framework of the Z [municipal and community improvements] drive.

In this manner we added in 1979 kindergarten capacities for more than 25,000 kindergarten pupils, and day-nursery capacities for nearly 1600 children. In the area of pre-school education we have been able to overfulfill the task set by the 15th CPCZ Congress. Instead of the specified 70 percent of the total pre-school population in the 3 to 5 age group, we already are able to accomodate in pre-school institutions 78.3 percent in the Czech Socialist Republic, and 76.9 percent in the Slovak Socialist Republic. The salaries of school and kindergarten teachers also were raised last year. The expenditures in conjunction with this salary increase were covered from the reserves of the federal budget.

We spent 19 billion korunas on health care last year, 4.5 percent more than in 1978. Close attention was devoted to improving preventive care, to expanding the cardiovascular, oncological and virological programs, and to providing better care for women and children. The salaries of intermediate health-care personnel were raised, at the expense of the budgetary reserves.

The per capita expenditure on health care was 1244 korunas. The per capita expenditure for medicine and health-care materials was 288 korunas, and such expenditures totaled 4.4 billion korunas.

Last year we built 122,700 housing units, under all forms of housing construction. The state budget contributed 23 billion korunas to finance housing construction and the management of housing. This was 4.7 billion more than in 1978.

Dear Comrades Representatives, management in 1979, as reflected in the state appropriation accounts, has been the most complex within our economic development that is favorable in the long run. The consequences of the deteriorating external and internal conditions, to which we did not always react in due time, were clearly evident, and therefore we must note not only the attained favorable results but also the shortcomings that diminish our common loaf.

Our economy and society have all the prerequisites for continuing the favorable development of the economy. The basic line of our Communist Party's economic policy will not change.

In conclusion allow me to express the federal government's thanks to all representatives of the Federal Assembly for their selfless assistance in fulfilling last year's tasks, and for their initiative work in solving important questions of our economic development.

On behalf of the federal government, I propose that the Federal Assembly approve the submitted draft of the federation's appropriation accounts for 1979.

1014
CSO: 2400

CZECHOSLOVAKIA

TRANSPORTATION DEVELOPMENTS IN 1980 REVIEWED

Prague PLANOVANE HOSPODARSTVI in Czech No 5, 1980 pp 54-60

[Article by Engr Ladislav Storkan, State Planning Commission: "Transportation Developments in 1980"]

[Text] In recent years, transportation grappled with certain subjective and objective difficulties and sometimes worked as a brake on the development of the national economy for which it was justly criticized by the party and government organs. On the basis of a thorough analysis, the CSSR Government presidium and the government approved several measures aimed at creating favorable conditions for the solution of the problems involved. The party organs at all levels also paid considerable attention to transportation.

The adopted measures were aimed at stabilizing the labor force, conceptual work in transportation, strengthening of CSAD [Czechoslovak State Automobile Transportation] in the transportation system, elimination of the key bottlenecks and so on. Their effect was reflected already last year. In railroad transportation, the decline of labor force in the jobs with the chronic labor shortage was brought to a halt, the shipments of basic assets and spare parts both imported and manufactured in this country increased, and cooperation with shippers improved. The unfavorable trend in capital investment, however, was not reversed.

The 1980 plan anticipates an approximately 4 percent increase in the freight transportation volume over the 1979 level. The total volume is to exceed 1.5 billion tons. The railroad should carry 285 million tons of goods 239 million tons of which should be shipments initiated by railroad itself. Automobile transportation, particularly the CSAD, faces considerable tasks. It is to carry 1.22 billion tons including 336 million tons of CSAD which is 28 percent of the total freight transportation volume. The emphasis is on the economical use of the means of transportation (railroad cars, locomotives, trucks, buses, ships and so on) and savings of all types of energy.

The plan provides for the replenishment of the labor force and for consolidation of the technical basis in railroad transportation and other sectors.

Freight Transportation

The volume of freight transportation for 1980 has been proposed in accordance with the needs of other sectors of the national economy. The plan took into account the supplier-customer relations between shippers and transport organizations as well as the fulfillment of the transportation plan last year, including the extremely unfavorable weather conditions in the first quarter of 1979.

The 1979 freight transportation plan was fulfilled 99.4 percent, that is 99.4 percent in railroad transportation, 97.7 percent in public highway transportation, 100.2 percent by enterprise transportation and 93.6 percent in river transportation. The fulfillment of the 1979 transportation plan was substantially affected by the above mentioned unfavorable weather conditions, inadequate preparedness of carriers and shippers for the winter season, general failure of meeting the plan targets in all sectors of the national economy as well as by the subjective management shortcomings at all levels of the transportation system itself.

The 1980 plan for transportation of goods anticipates the total volume of 1.5 billion tons which is distributed among the individual transportation sectors in the following way (million tons):

	1978	1979	1980
Total volume	1,416	1,471	1,512
including CSD [Czechoslovak State Railroads]	279	289	285
CSAD	327	329	336
River transportation	8	9	10
Enterprise transportation	803	849	880

The 1980 loading plan assigns priority to transportation of solid fuels and ores, particularly those imported (from the USSR). In coal transportation by rail from the North Bohemain Basin a maximum volume of approximately 2.5 million tons is anticipated for 1980 which is below the 1979 level of 3.2 million tons. The measures designed to save motor fuel are thus already built-in in the plan. In river transportation, the plan for coal transportation to Chvaletice [power plant] proposes a volume of 3.6 million tons which should fully meet the requirements of the Federal Ministry of Fuels and Power.

It is encouraging that the overall average transportation distance has declined in recent years, as is clear from the following summary:

	1978	1979	1980
Average transportation distance (km)	66.6	65.9	64.5
Including: CSD	259.4	258.6	256.4
CSAD	28.2	30.2	31.2
River transportation	403.8	379.5	361.8
Enterprise transportation	11.9	11.8	11.6

The trend in transportation distance will affect particularly the increase in coal transportation by rail over short distances (to Lovosice and then by water to Chvaletice), and reduction of coal transports by trucks. Coal transportation to Chvaletice will require making ships available at regular intervals on the one hand and their more effective utilization on the other as well as the reduction of the high rate of repairs of coal ships.

The 1980 plan of passenger transportation anticipates that the number of passenger will increase by approximately one percent over the last year's level. The proposal took into consideration the economy measures in motor fuel consumption and also the Spartakiada [gymnastics festival]. Carriers and shippers must not forget freight transportation during the days of Spartakiada and insure its smooth flow.

In railroad freight transportation, a volume of 285 million tons is anticipated including 239 million tons loaded by railroad itself. The proposed transportation and loading volumes will meet all basic needs of the national economy provided that the transportation demands will be evenly spread throughout the year which should be borne in mind particularly by the shippers.

All necessary measures have been taken to secure loading of approximately 86 million tons of solid fuels from the North Bohemian Brown Coal Mines, Handlova Brown Coal Mines, Ostrava-Karvina Mines where the main responsibility will rest with railroad and river transportation. Increased attention must be paid to loading because potential backlogs are difficult to make up for toward the end of the year. This requires regular availability of cars in all coal basins for loading of solid fuels. On the other hand, it is imperative to reduce substantially the frequent cancellation of the already railroad cars by some coal basins. As a result, some shippers then lack railroad cars--regardless of unnecessary consumption of all sorts of energy, traffic volume on certain lines, wasting of labor force and so on. There are still many reserves in the transportation sector and particularly with the shippers which must be utilized. One of them is the improvement of cooperation between mines and individual CSD directorates.

As to other commodities, the necessary transportation volume has been secured for iron ores, metallurgical and engineering products, and to a maximum possible degree also for transportation of building materials. In transportation of building materials the possibility of exceeding 1980 targets for railroad loading must be explored. Trucks, especially trucks operated by enterprises, must, of course, play the key role in transportation of building materials.

The volume of international freight transportation in the 1980 plan was directly linked to the anticipated trend in international commodity exchange particularly with CEMA countries:

(million tons)	1978	1979	1980	1979/1978	1980/1979
Imports	28	28	29	102	102
Transit	17	17	17	101	102
Exports	19	19	19	100	102

Modern and socially very effective transportation in transcontainers has been used in this area for a number of years and will increase by more than 22 percent in comparison with 1979. A similar situation exists in international truck transportation which is to carry more than 2.1 million tons of goods and thus to save very valuable foreign exchange funds for transportation service in 1980.

The fulfillment of the freight transportation plan likewise provides for the necessary means (labor force, investments, materials and so on) for individual types of transportation, intensification of rational division of labor among individual branches including more effective utilization of existing basic assets and improvement of transportation management at all levels.

Railroad Transportation

Generall speaking, the plan anticipates an improvement in the quality of management of operations particularly in regard to more economic use of the rolling stock, electric and diesel locomotives and energy of all kind. For this reason, the gross weight of freight trains is to be increased by approximately 3.5 tons and the number of train kilometers is thus to be reduced.

In order to achieve maximum savings of all sorts of energy the 1980 plan anticipates the following shares of individual tractions (in %):

	1978	1979	1980
Steam locomotives	2.1	1.0	0.2
Electric locomotives	59.2	59.6	59.7
Diesel locomotives	38.7	39.4	40.1

The circulation of freight cars is to be reduced by 0.2 days or more than 4 percent increase in productivity per car unit. Likewise, a static load of freight cars is to be increased.

In 1980, additional unprofitable lines will be discontinued and the railroad will acquire more than 3,900 freight cars, 32 electric and 126 diesel locomotives, and 50 passenger cars partly as replacement and partly in order to increase performance. Deliveries should be fluent throughout the year.

To achieve the planned volume of railroad operations, it will be necessary to implement consistently the measures adopted by the government, the Federal Ministry of Transportation, railroad directorates and operating departments which aim at improving operations as follows:

--reducing car circulation. For this purpose it is necessary to create conditions in formation and shunting of trains, and to eliminate accidents;

--more effective utilization of locomotives;

--increasing the gross weight of freight trains;

--more regular scheduling of freight trains and particularly coal trains;

--better organization of planned elimination of cars;

--maximum possible elimination of locomotives' idle runs;

--reduction of traction fuel and energy consumption;

--carrying out of planned repairs of cars and locomotives in the railroad's own repair shops and workshops;

--increased hiring of workers for jobs with chronic labor shortage;

--fulfillment of the investment plan including the reduction of budget costs, meeting the construction deadlines and early preparation of construction projects;

--reduced use of foreign cars in the CSD [Czechoslovak State Railroads] network, more effective use of OPW [General Freightcar Pool] rolling stock and so on.

Automobile Transportation

The 1980 plan of automobile transportation is based on the transportation needs of the national economy and takes into account the possibilities of railroad transportation and coal shipments from the North Bohemian Brown Caol Basin. It pays special attention to the utilization of individual means of transportation and division of labor between public and enterprise transportation and especially to the implementation of economy measures in the consumption of fuel.

Because of the limited supply of motor fuels, maximum savings' are planned. This calls for the implementation of appropriate measures in the sphere of shippers, supplier-customer relations which aim at the general reduction of transportation service in tons, but primarily in ton-kilometers. This must be achieved particularly by the reduction of average transportation distance in the entire area of transportation by trucks.

In connection with the CSSR government resolution No 241/79 on main directions of rationalization of highway transportation whose purpose is to render automobile transportation more effective, the 1980 plan anticipates more than a 50 percent share of public automobile transportation in the total transportation volume.

The gradual implementation of the principles of state transportation policy in the division of labor among individual transportation branches is among other reflected also in the trend in average transportation distances in CSAD and enterprise transportation:

	1979	1980
Average transportation distance (in km)	17.0	17.0
including: CSAD	30.2	31.2
Enterprise transportation	11.8	11.6

Also in 1980 the principal commodities transported by trucks are earth and building materials which accounted for more than 68 percent (in CSAD in fact for approximately 75 percent) of its volume in 1979. A stagnation is anticipated in transportation of earth by public carriers because most of it will be taken care of by the trucks operated by individual plants. The average distance over which building materials are to be transported in the entire automobile sector will remain on the 1979 level, that is at approximately 15 kilometers, while the shipments over longer distances will be made by public automobile transportation. As to the other commodities, the plan anticipates only a slight increase in the transportation distance and only in CSAD because further expansion of international truck transportation is expected: it should carry approximately 2.1 million tons over the average transportation distance exceeding 800 kilometers.

More frequent use of two-axle and one-axle trailers in both public and enterprise transportation is justly expected to result in motor fuels savings this year. That the reserves exist in this area is clear from the comparison of 1978 results:

	Transportation volume, total	Trucks and special trucks	Two-axle trailers	One-axle trailers
CSAD (million ton-kilometers)	9,222	4,962	2,374	1,886
% share	100	53.8	25.7	20.5
average performance per vehicle (1,000 kilometers)		225.9	289.8	603.2
Enterprise transportation (million ton-kilometers)	9,521	7,777	651	1,093
% share	100	81.7	6.8	11.5
average performance per vehicle (1,000 kilometers)		85.2	36.0	274.8

In view of this situation, the 1980 plan anticipates an increased share of two-axle and one-axle trailers:

	CSAD	Enterprise transportation
Share in total volume (ton-kilometers)		
Two-axle trailers	29.0	9.0
One-axle trailers	21.7	14.9

These shares must be achieved and everything must be done to increase them.

The overall improvement of qualitative indicators of vehicles' utilization and of increased shares of two-axle and one-axle trailers is reflected in the desirable reduction of motor fuel consumption per unit of transportation service:

Public	liters/100 km	
	1979	1980
Public automobile transportation	4.78	4.65
Enterprise transportation	8.62	8.00

To improve transportation service and for purposes of replacement, approximately 16,000-17,000 trucks will be delivered and improvement in spare parts supply is expected in 1980.

In comparison with 1979, passenger transportation is expected to increase by 20-23 million in CSAD and by 30-32 million in municipal transportation in 1980, while a more rapid increase in expected in the SSR and on Prague subway. To improve mass passenger transportation, approximately 3,400 buses including IKARUS type will be delivered from Hungary along with an adequate number of cars for the Prague subway.

River Transportation

The 1980 plan anticipates transportation by water of more than 10 million tons of goods. The principal task is to secure transportation of coal for Chvaletice (3.6 million tons) and international transportation on the Labe [Elbe] and Danube. In comparison with 1979, the volume will increase to more than 135 percent on the domestic routes and to 103 percent on the international routes.

Czechoslovak Danube Navigation is expected to carry 2.9-3.0 million tons; the international transport volume should increase by approximately 5 percent and domestic by 10 percent.

The plan anticipates more effective utilization of basic assets in transportation ' water--all types of ships--and also savings of motor fuels.

Air Transportation

Air transportation should carry 2 million passengers in 1980--1.2 million passengers on the domestic routes and 0.8 million passengers on the international routes operated by CSA [Czechoslovak Airlines]. The goal is to make more effective use of the airplane fleet, increase safety and regularity of operations, reduce losses, increase economy and to earn more foreign exchange. In addition, full consumption should be reduced both on the domestic and international routes.

Air transportation will assist our agriculture in 1980. It is anticipated that its operations will cover approximately 4,800 average hectares.

To achieve these goals, additional airplanes, investments and labor force will be supplied.

Labor Force

The labor plan for 1980 is based on the anticipated volume of service in individual branches of transportation, long-term unfavorable trend in jobs with the chronic labor shortage in railroad, highway, municipal, river and air transportation.

The proposed increase of 3,500 workers in the labor force of the federal Ministry of Transportation should insure the fulfillment of increased tasks. A similar situation is in the transportation sectors operated by the national governments where the increase will amount to approximately 2,000 workers. The main point is that transportation together with the kraj national committees achieve these goals. In all types of transportation, the operating personnel will be increased both by hiring of additional workers and transferring of some workers from administrative jobs.

The proposed increases in the labor force combined with the labor productivity increases will insure the fulfillment of planned tasks in transportation, repairs and construction.

Capital Investment and MTZ [Material and Technical Procurement]

The 1980 plan of capital investment anticipates for the Federal Ministry of Transportation the volume of work and deliveries in the amount of approximately Kcs 8 billion including construction work in the value of Kcs 3.9 billion. Among other things the deliveries will consist of 39,000 railroad freight cars, 32 electric locomotives, 126 diesel locomotives, 50 passenger cars and 43 ships.

The construction of the freeway will continue and the principal route Prague-Brno-Bratislava will be completed in 1980. The start will be made in the construction of additional sections of the freeway. Work will continue on the construction of the subway in Prague, the basic communication system

(ZAKOS) and on the construction of additional streetcar routes in Bratislava. The selected sections of the highways of the first and second category will be built or rebuilt on a limited scale. A basic improvement is expected to take place in 1980 in the preparation and scheduling of construction projects: an end should be put to the increase in the budget costs and to the extension of construction deadlines. Of major importance for the fulfillment of tasks in the transportation sector is the area of material and technical procurement, that is the deliveries of key industrial and raw materials and products. This applies particularly to the supply of fuels, electric energy, diesel fuel and gasoline, but also to the deliveries of cables, ties, coniferous lumber and spare parts for rail and motor vehicles in terms of quantity, assortment and smooth flow of supplies.

Although the situation improved in this respect in 1979, the suppliers and customers must continue to pay appropriate attention to this problem so that the shipments of spare parts do not accumulate mostly in the second half of the year or toward the end of the year.

The 1980 transportation plan objectively takes care of the justified demands for transportation service by the national economy and population. Moreover, it renders the transportation process more effective by making better use of the basic assets, materials, motor fuels and labor force, eliminates unnecessary and uneconomical shipments and so on.

Priority must be assigned to coal transportation and import of iron ore from the USSR. The railroad industry must carry out the repairs of all railroad cars and locomotives for the Federal Ministry of Transportation and foreign users, and increase manufacture of spare parts on its own facilities. The targets set for labor productivity and completion of construction projects must be unconditionally met.

A major contribution to the fulfillment of the 1980 plan must be made also by

--the substantially better fulfillment of the plan of capital investment on key construction projects (beginning with their preparation);

--hiring of additional workers and reduction of the labor turnover particularly in the jobs with the chronic labor shortage in CSD, CSAD and industry;

--achieving the planned labor productivity in transportation, particularly in industry and construction work;

--more effective utilization of the existing and newly supplied basic assets, particularly the means of transportation, tracks and marshalling yards;

--responsible management of motor fuels, fuels and energy of all kind.

If we succeed in achieving such good results for the rest of the year as we did in the first half of this year, we shall acquire a good basis of development in the Seventh Five-Year Plan. This should be borne in mind not only by all carriers and shippers but also by the suppliers of materials and basis assets.

10501
CSO: 2400

MACHINERY AND EQUIPMENT IMPORTS CRITICIZED

Prague HOSPODARSKE NOVINY in Czech 6 Jun 80 p 2

[Article by Karel Hajek, worker at the CPCZ Central Committee: "Machinery and Equipment Imports"]

[Text] The 14th CPCZ Central Committee Plenum, which in December 1979 discussed the report of the presidium of the CPCZ Central Committee on the main tasks of the development of the national economy in 1980, again emphatically underlined the interdependence between the planned imports and export effects of our economy. All levels of management and all sectors of the national economy were urged to pursue such active policy which must substantially accelerate the process of more effective utilization not only of imported raw and industrial materials, but also of machinery and equipment imported particularly from the nonsocialist countries. Increased attention is being paid to the balance of payments as the decisive factor in foreign economic relations.

The more demanding conditions and problems of development, and further deterioration of foreign economic relations were reflected in the foreign exchange and currency situation, and particularly in the unfavorable balance of payments with the nonsocialist countries resulting from the use of foreign credits for financing certain imports, reduction of imports and changes in the rate of exchange between Kcs and foreign currencies.

Experiences demonstrate that we cannot be satisfied with the situation, although, according to the Czechoslovak State Bank, some improvement took place last year. Despite the improvement, the total value of imported machinery and equipment which were not put into operation on schedule amounted to almost Kcs 4 billion at f.o.b. state border prices as of 31 December 1979. Major investment projects accounted for this situation, including the manufacturing program (1,105 million), the washing line [praci linka] at Vetrni (96 million), the dairy at Prague-Kyje (107 million), reconstruction of the pulp mills at Zilina and Vranova (484 million) and a number of other projects. The point at issue, however, is not only the failure to put machinery and equipment into operation within the specified deadlines, but also the failure of attaining the designed (planned) parameters.

In most instances, the reason for the delay in putting imported machinery and equipment into operation was lack of preparedness of design and construction, failure to observe specified procedures and regulations, unclear supplier-customer relations, excessive scope of unfinished projects and so on--in other words bad practices which have not been eliminated despite the pressure by the party and state organs. The irresponsible attitude of some organs of central management and the khozraschet sphere creates conditions for squandering of foreign exchange funds which we acquire with difficulty and at a high price abroad. It is necessary consistently to refuse the allocation of additional foreign exchange funds for financing of imports from the nonsocialist countries, if previously imported machinery and equipment are not put into operation on time. On the other hand, cooperation must be intensified between the foreign trade organizations and investors and general designers in the preparation of imports, and the information service of foreign trade organizations must be improved on the trends on key foreign markets, possibilities of delivery of machinery, equipment and technologies, and their technical and economic parameters.

In making decisions on imports, consideration must always be given to the possibility of using machinery and equipment of our own manufacture or importing it from socialist countries instead of from nonsocialist countries. The possibilities must also be explored, of reducing imports of spare parts for machinery from the nonsocialist countries by manufacturing them in our country.

The imports of machinery and equipment from the nonsocialist countries can be approved only if putting them into operation and using them in the production sector will substantially increase the quality of products, their parameters, technology and level of labor productivity, or if it will make possible export of our products to the more demanding markets to pay for the import of machinery and equipment.

In 1979 the bank organs applied sanctions by increasing the interest rate in 411 instances, including 309 instances following the failure to put imported machinery and equipment into operation within the specified deadlines, and in 102 instances in which the planned parameters were not reached. The total value of penalties amounted to Kcs 37,843,000 and the bonus fund of the organizations involved was reduced, for this reason, by almost Kcs 10 million.

For this year, the bank has instructed its branches to apply obligatory sanctions for the failure to put imported machinery and equipment into operation of schedule and at the same time has set the lower limit of the increased interest rate at 1.5 percent. The penalties were applied also to the workers in charge in 112 instances for a total of Kcs 129,000 in 1979. In view of the shortcomings in the area of imported machinery and equipment, however, these personal penalties cannot be regarded as adequate.

The shortcomings occurring in putting of imported machinery and equipment from the nonsocialist countries into operation are also the most frequent reason for blocking or reduction of claims to incentives paid in foreign exchange.

The CSSR government resolution No 320/1979 provided for the reduction of limits, specified by the plan, for import from the nonsocialist countries of machinery and equipment designed for capital investment by the amount corresponding to the costs of acquiring foreign exchange funds ahead of time--the costs incurred because machinery and equipment were not put into operation on time. A decision was made to charge a uniform rate of 10 percent of the total value of unused imported machinery and equipment per year. The period for calculation of losses begins after the standard 3-month deadline set for putting equipment into operation has passed (leaving equipment in warehouse longer than 3 months after the day of delivery). The losses from the allocation of foreign exchange funds ahead of time calculated with this method for imported machinery and equipment which were not put into operation within the specified deadlines by 31 December 1979 or were held in warehouse for longer periods amounted according to the Czechoslovak State Bank to Kcs 184 million in the CSR and to Kcs 126 million in the SSR at f.o.b. state border prices.

The economic organs at all levels must see to it that the foreign exchange funds necessary for financing of machinery and equipment imported from the nonsocialist countries are made available according to the actual progress in construction projects. The central organs of investors must supplement the applications for the allocation of foreign exchange funds with the binding declaration that the requested deadlines for the implementation of contracts correspond to the actual construction progress.

With reference to the import of machinery and equipment for the construction projects with the budget costs below Kcs 2 million and machinery and equipment not included in the construction budgets, it is imperative to switch, to a maximum possible degree, from subsidized imports to imports financed by the repayable foreign exchange credits.

The backlogs in imports from the nonsocialist countries in 1979 which will be made up for this year--for the construction projects with the budget costs below Kcs 2 million and machinery and equipment not included in the construction budgets--must be regarded as part of import limits specified by the plan for 1980. The imports of machinery and equipment for mandatory projects and centrally supervised projects which had to be delayed for valid reasons can be carried over into the next year. The import limits specified for individual projects are not transferable or applicable to the imports for other categories of capital investment.

The adaptation of the Czechoslovak national economy to the increasingly demanding foreign economic conditions has not been satisfactory so far. The adaptation to these conditions is the fundamental precondition for the permanent improvement of the balance of payments and thus also for acquiring of foreign exchange funds necessary to finance imports of machinery and equipment from the nonsocialist countries. For this reason, not only the technical departments of ministries, VHJ [economic production units] and enterprises, but also all levels of party, state and economic management must pay increased attention to the effective utilization of imported machinery and equipment in all sectors of the national economy.

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CZECHOSLOVAKIA

BRIEFS

NON-JOB-RELATED INJURIES--In 1979 the number of non-job-related injuries in Slovakia amounted to more than 180,000; the reuslt was that 10,700 employees daily did not appear for work, and 3.9 million calendar days were lost from work. The number of non-job-related injuries in Slovakia is more than three times the number of injuries suffered at work. [Bratislava PRAVDA in Slovak 5 Jun 80 p 5 AU]

POPULATION FIGURES--Toward the end of 1979 the CSSR population amounted to 15,280,000, of which 10,317,000 were in the Czech Socialist Republic [CSR] and 4,962,000 in the Slovak Socialist Republic [SSR]. In 1979 there were 272,000 births in the CSSR, which is less than in the preceding years and about equal to the figure in 1973; there were 17.8 births per 1,000 citizens. In autumn 1980 the population of the SSR is to reach 5 million, since the population increase there is higher than in the CSR. Infant mortality in the CSSR amounts to 17.6 per thousand, that is 24.6 percent less than in 1969. In 1978 the natural population increment amounted to 103,800, and in 1979 it dropped to 97,000. In 1979 there were 127,000 marriages, compared with 134,500 in 1978. There were 1,000 fewer divorces in 1979 than in 1978; but still roughly every third marriage is dissolved in the CSR, whereas in Slovakia the situation is far better. [Prague RUDE PRAVO in Czech 4 Jun 80 p 5 AU]

PRAGUE IN FIGURES--Population: At the beginning of 1980 Prague had 1,192,849 inhabitants; the most densely populated part is the fourth district with 225,000 inhabitants. Housing: At present, Prague has 475,000 apartments, with 12.5-13 square meters of living space per person. Industry: Prague produces 8.8 percent of the overall CSSR industrial output, has 87 industrial enterprises and 255 plants employing 231,000 persons. Roads: Prague has more than 2,000 kilometers of roads and more than 2,500 kilometers of footpaths. Transportation: Prague has 30 railroad and 4 bus stations, more than 80 express and about 210 passenger trains arrive in the capital daily. Prague subway carries about 230,000 passengers daily. In 1978, Prague had 959 trams which carried 531,507,000 passengers over the 412-kilometer long tram network. Prague Ruzyne Airport connects the CSSR with 50 cities abroad and the capital with 13 inland cities and processes more than 2 million passengers a year. Schools: In 1978, Prague had 351 kindergartens, 217 primary schools, 23 secondary schools, 154 schools and centers for apprentices, 79 schools for young people requiring special care, 26 evening art schools and 10 university-level schools with 32 departments. [Prague VECERNI PRAHA in Czech 23 Jun 80 p 5]

FODDER CROPS HARVEST--By 23 June 385,446 hectares of perennial fodder crops cultivated on arable land, which is 80 percent of plan, were harvested in the CSSR as a whole. By the same date fodder from meadows and pastures was harvested from 315,725 hectares, which is less than 50 percent. [Prague RUDE PRAVO in Czech 25 Jun 80 p 1]

HAY GATHERING IN SLOVAKIA--Perennial fodder crops in Slovakia have been gathered on 82.5 percent of the planned area to date. On meadows, hay has been gathered thus far on 42.3 percent of the 109,740 hectares. [Bratislava ROLNICKE NOVINY in Slovak 24 Jun 80 pp 1, 2]

CZECH HARVEST PREPARATIONS--On 17 June--At this year's first session of the Central Harvesting Commission--O. Vanek, Czech deputy minister of agriculture, informed journalists about the preparations for the 1980 grain harvest. Among problems that have to be coped with Vanek named the shortage of tractor and truckdrivers and of spare parts for harvesting combines. Vanek also said that this year a procurement of 2,280,000 tons of grain was expected--50,000 tons more than in 1979. He further mentioned that a search is going on for storage capacities for 140,000 tons of grain. M. Petrik, Czech minister of agriculture, told journalists that during this year's grain harvest it is expected to deploy 12,529 harvesting combines in the Czech lands, that their crews will harvest 7.1 million tons of cereals, and that 2,378,000 persons will work on the harvest. [Prague LIDOVA DEMOKRACIE in Czech 18 Jun 80 p 5]

HAY GATHERING LATE--This year's unfavorable weather is the reason why the gathering of hay in the CSSR has begun late this year. To date, clover and lucerne in the Czech lands [CSR] has been gathered on 51.3 percent of the area (in 1979 at this time of the year they were gathered on 81.5 percent) and in Slovakia [SSR] on 68.3 percent (last year on 82.3 percent of the area. The situation with the gathering of hay on meadows and pastures is similar: in the CSR it has been gathered on 21.3 percent (last year 66.6 percent) of the area by 16 June, and in the SSR on 29.1 percent (last year 47.6 percent). CSSR-wide 58 percent of the perennial fodder crops have been harvested thus far and grass cut on 28 percent of the area. In the CSSR there are 988,965 head of cattle grazing in the open (CSR: 506,613 and SSR: 482,352). [Prague RUDE PRAVO in Czech 18 Jun 80 pp 1, 3]

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COMBINE MANAGERS' TASKS, IMPROVED PRODUCTION METHODS DISCUSSED

Sociopolitical Responsibility

East Berlin EINHEIT in German Vol 35 No 6, Jun 80 signed to press 12 May 80 pp 569-575

['Management and Performance' feature article by Prof Dr Claus Kroemke, economist, deputy department chief, SED Central Committee: "The Socialist Manager and His Social Mission." A translation of an East Berlin DIE WIRTSCHAFT article on the March 1980 SED CC conference between combine directors and party organizers in Gera, referred to below, is published under the heading "Managers, Party Organizers Review Combine Accomplishments," in JPRS 75679, 12 May 80, No 2006 of this series pp 48-52. For further references to related items of interest see translation of an April 1980 EINHEIT article by Guenter Mittag, published under the heading, "SED Economics Chief Urges More Productive Investments," in JPRS 75729, 19 May 80, No 2009 of this series, pp 13-25]

[Text] The manager's social responsibility in our socialist economy arises from the tasks involved in the realization of the policy of our party, which --consonant with objective social needs--serves the prosperity of our socialist fatherland and the well-being of its citizens. This policy, precisely reflected in the consistent implementation of the main task in its unity of economic and social policy, is based on the Ninth Party Congress resolutions on the further organization of the developed socialist society and the documents of the Central Committee Plenums with their clear and generally intelligible rules. Determined, therefore, by social needs is the manager's responsibility in the socialist economy, in his capacity as the representative of the working class; it rests on objective bases: The power of the working class in alliance with the cooperative farmers and other working strata and the social ownership of the means of production, which necessarily involve great demands on the management of social development by the socialist state, led by the Marxist-Leninist party.

At the Eleventh Central Committee Plenum and the meeting between its secretariat and the first secretaries of kreis leadership organizations the tasks with regard to the further implementation of the Ninth Party Congress resolutions were explained by Comrade Erich Honecker as a coherent concept looking ahead to the preparation of the Tenth SED Congress.[1] This is particularly significant in 1980, because the implementation of this year's economic plan will largely decide the realization of the 1976-1980 Five-Year Plan as a whole and, at the same time, the successful preparation of the next plan period. "We may claim that in this crucial stage of the GDR's development...our party has clear, unequivocal and scientifically based targets. This kind of stable orientation for united action by the party is of the utmost significance for the continuity of the GDR's successful internal development precisely at this volatile time of international change."[2]

Acting in the Social Interest

Managers in socialist industry, especially those heading combines, hold a tremendous social responsibility for the realization of this directive. In the course of the implementation of the resolutions framed in the interest of the further successful advance of our republic, they confront new problems and growing demands. In order to arrive at the correct response the thoughts and actions of every single one of them must be guided by the interests of society, the tasks of the national economy. Paraphrasing Kant's categorical imperative, each one must think and act as if he were responsible for the national economy as a whole.

This requirement may certainly be met; after all, the entire policy of the party and its method of operations provide the crucial prerequisites for managers to be able to act in the social interest, more and more successfully reconcile social and collective interests. The Central Committee resolutions and the fundamental statements of its general secretary, Comrade Erich Honecker, constantly lay out the important political and economic tasks and provide the orientations vital for the work of every communist and every responsible manager in particular. We therefore have consistent and extensive information about all important developmental processes and social connections. It is the obligation of every manager to study these connections, comprehensively absorb the text of party resolutions and arrive at the conclusions necessary for the action to be taken.

The recent exchange of experiences in Gera between the Central Committee and the general directors and party organizations of the combine central committees was an example of this kind of responsible approach. It was concerned to define the social and political responsibilities of combine managers in industry and construction and thereby further to improve the subjective conditions for the discharge of this greater responsibility. Consequently the conference reflected the effort even more profoundly to penetrate the significance of the party resolutions and to exchange experiences on the best approach to management operations directed to their implementation.

The strength of the commitment of the general directors of combines and of central committee party organizers to the party orientation--to produce the necessary rise in production growth--is impressively reflected in the fact that major new reserves are developed by the greater efficiency and quality of labor in order to accomplish the tasks of the 1980 plan and earn additional profits. In this work of the general directors, achieved jointly with the collectives of combine enterprises, labor unions, the FDJ, the Chamber of Technology and with the guidance of the party organizations, is also reflected the socialist manner by which the managers in our republic meet their great social responsibilities. Joined in the combines is the strength of tens of thousands of highly skilled people in the constituent enterprises, research facilities and marketing organizations. As a rule the combines include production capacities ranging from M2-5 billion, some even more. They dispose of a tremendous intellectual and material potential, and as a consequence skilled management may develop efficiency reserves which earlier were not even suspected. These new dimensions underline the extent to which the combine expands the outlook not only for economic needs but also for economic possibilities. They must be developed by the political management of economic processes on a scientific basis. To recognize this responsibility represents the most important prerequisite for in fact meeting it.

The profoundly political nature of the responsibility to be discharged by management is exemplified especially in the fact that the management of economic processes always and at all times involves the management of people and their collective efforts. "There are no issues of a purely economic nature. It is time finally to get rid of this misconception because it results in the wrong orientation and the neglect of the mobilization of reserves. Everything is decided by people, their thoughts and their actions."[3] It follows that correct management decisions are only one side of the coin, the other is their realization by the action of the working people in the manager's sphere of responsibility. Furthermore: Even the preparation and initiation of decisions must include the discussion and consideration of the working peoples thoughts and suggestions.

Life and practical experiences constantly confirm that the greatest progress is achieved where clear and future-oriented targets join with the management of the socialist competition directed to the best possible development of the initiative of the working people, where the responsible managers, in cooperation with the party organization, the labor union, the FDJ and all social forces, know how to organize the fulfillment of the plan quotas politically, in other words the exercise of power by the working class in alliance with the socialist intelligentsia. The extent of initiative developed in the combines by workers, foremen, technologists, engineers, researchers, technicians, managers and working people in general, the high standard of targets in the socialist competition and the manner of its direction--these very clearly demonstrate how the manager meets his social responsibility by concentrating on the political tasks. Management in the meaning of action unrelated to the activism of people in the socialist competition is simply incompatible with a combine in socialist industry. Only if skilled management is united with the direction of the socialist competition can that tremendous social strength be mobilized, which results in the greatest possible growth of production and, at the same time, even more closely links the working people with total socialist development.

Everywhere To Realize the Achievements of the Best

The extent of social responsibility involved in the management of such major economic units is determined by objective inevitabilities and those economic requirements which arise from the declared political targets of our party, namely to secure the achieved material and cultural standard of living of our people and gradually further improve it. The implementation of these tasks in the meaning of the observance of the continuity of our party's policy even in changed reproduction conditions is an enormous challenge especially to the responsible action of managers. As confirmed by the successful work of many collectives, the rise in economic demands also brings about new approaches to the methods by which they may be met. The achievements of the best, especially, reflect the objective possibilities. It is therefore all the more important to make these achievements the criterion for the work of all, and to make sure that they are equaled everywhere.

At this time the economic interest requires the responsible managers, together with their collectives, to safeguard the steady growth of output and to do so while energy consumption, materials and raw materials consumption rises very little if at all, or even--as some combines have demonstrated--declines. The combines therefore intend to turn out any additional production with the use largely of materials saved. Nowadays the parallel growth of output and funds just does not fit the situation. It is therefore urgent for new approaches to be found and used, because they are indispensable for the reduction of production consumption.

We are in fact able to note that rising demands have led to the development of new approaches. This is quite definitely due to the growing efforts of our society to couple the scientific-technological revolution more effectively with the benefits of socialism. Though some may think of this as no more than a target, a lot has already materialized. Qualitatively new capacities have arisen due to the purposeful development of the socialist education system, the standard of university and technical college training and the standard of management of our scientific-technological potential--whether in the combines alone or in cooperation with that in the academies and universities. These capacities are already operative for the accomplishment of the new economic tasks. Yet many combine managers consider that the latent potential is much greater yet. It includes many possibilities for the greater efficiency of the social labor capacity. The new and rising criteria for the improvement of efficiency include the task more quickly to raise productivity than goods production. This shows quite clearly that we are not concerned to achieve a faster rate of improvement of productivity as such but to couple it with higher output by a smaller labor force. In October 1979 only 12 combines planned in 1980 more rapidly to raise their productivity than their goods production; the exchange of experiences in Gera showed that by now another 8 have adopted the same approach.

We note that this happened in those combines which recorded remarkable achievements in the fulfillment of this task because they comprehensively met their economic responsibility and created the necessary prerequisites for the development of new efficiency reserves in their scope. Important in this connection is the combine-internal construction of rationalization aids. The profits arising therefrom amounted to M2 billion in 1979. It has been shown that the use of such rationalization aids has far more beneficial effects on the rise in productivity and--especially--manpower savings than investment measures as such. This is due to the fact that really appropriate technologies are developed and realized by equipment which, from the beginning, is planned from the aspect of rationalization.

As the combine is primarily an economic not a technological unit, the only criterion for appraisal must be the economic result, its production. Wherever resources are used and manpower deployed we must ask ourselves: What is the end result of the use of these resources, what are the new values produced by this manpower? Consequently management must be directed to the most favorable ratio of expenditure and profit, the greatest possible efficiency coupled with appropriate output.

The exchange of experiences was characterized by comradely trust and communist frankness. The general conclusion arising therefrom was this: The main reason for the persistence of great differences in the growth of combine efficiency is the fact that efficiency reserves are developed to a very different extent. Fast growth rates are recorded by those combines which also demonstrate a high standard in the development of their efficiency reserves as a result of devoting close attention to the improvement of product quality, the lowering of the rate of costs, the reduction of materials consumption, the better utilization of basic assets, the improvement of productivity and many other important indices. It follows logically that the still persisting differences related to the rise in efficiency in combines are vanquished to the extent that efficiency reserves are systematically developed everywhere. The key is the improvement of management on the basis of the new opportunities offered by the combines. Gera enabled us to use the example of older combines to persuasively establish the achievements possible if a combine enjoys many years of stable management, and its objective advantages can thus be used to the best effect. It is of the utmost importance for our further social development that we use these reserves of our planned economy more comprehensively; currently, though available to us, they are by no means fully utilized. This will guarantee a high rate of growth in future also.

The economic responsibility and status of the combines require a basically new approach to their work. This is already reflected in the Gera exchange of experiences where--regardless of the subordination of combines to ministerial spheres--their economic role and responsibility represented the focus of attention. This procedure should not be considered only from the methodological aspect; it also has a more fundamental significance.

Fully to discharge economic responsibility therefore requires the profound comprehension of economic interrelations. This precept also includes a new challenge with regard to the theoretical understanding of management operations. Tasks must be related to basic economic needs; subsequently specific measures within the combine and its enterprises will be determined. To do this properly calls for the exhaustive use of the wealth of Marxist-Leninist political economics, and in the course of this it will be necessary to devote the utmost attention to the pronouncements of Marx, Engels and Lenin on the improvement of productivity, the most economical social production and the value producing process in the sum of the factors affecting it. Also included here is the issue of simple and complex labor which must constantly be rethought and researched from the standpoint of the value producing process, so that a greater end product may be achieved--especially by higher quality products, via the refinement of the material obtained from the identical unit of raw material. The inmost nature of these issues must be penetrated, and they should never be considered from single aspects only. Confronted with new and greater challenges thereby are the managers economic conceptions, their ability to conduct economic analyses and long-range forecasts.

Fully To Use the Combine Potentials

It was noted at the exchange of experiences "that the combines are demonstrating their value as a type of the modern management of socialist industry, because they are struggling for efficiency on a new basis and with advanced results."[4] The combine provides the prerequisites for meeting this greater management responsibility, and management operations thus advance to a new level.

The economic responsibility of the combine is determined by its objective status in the reproduction process:

-- Together with the enterprises united in it the combine itself realizes processes and interrelations of an economic nature.

-- As a consequence of concentration the dimension of its production is greatly enlarged, and so is its significance for the final product. The combine thus becomes a truly crucial and constituent part of the economic reproduction process.

The combine profile is defined by processes of an economic nature. Combines are not the same as large enterprises, nor are they merely sections of a particular industry. In fact they are units which, as elements of the economic reproduction process, cross "industry frontiers." Combines have available to them the prerequisites--and are able steadily to improve them

--for conducting the production process in their sphere "right to the end." In other words, they do not stop at the intermediate stages of production or announce "we produce the large volume, quality production is up to others." The organizational form of the combine must be used to develop the process of the genuine combination of production. Here the term "production" should be used in its wider meaning, as "reproduction." It is therefore necessary to continue the technological process in the combines toward a higher stage of refinement and also to complete intermediate products, manufacture more quality goods, and provide the proper conditions for doing all this.

Marx directly combined the cooperative type of the work process with the conscious technical use of science, the planned exploitation of natural resources, the transformation of the means of work into only collectively useable means of work, the conservation of all means of production by their use as the means of production of combined social labor.[5] Lenin pursued this line of thought and coupled it with the new stage of the socialization of production by way of the monopoly. "Competition turns into monopoly. The consequence is a giant step forward in the socialization of production. In particular the process of technical innovation and perfection also is socialized."[6] In socialism this process, born in the lap of capitalist society there to serve the maximization of profits, serves as planned to benefit the common weal.

The combine offers altogether new opportunities for doing this, both by its scientific-technological potential and by the enterprises and their production capacities included in it. Science and technology are actively involved in making the best of the available raw materials and other materials, and enabling the combines to turn out products which achieve the greatest effect from the aspect of demand satisfaction. This holds true for consumer goods production also in every combine.

In this meaning we are concerned with the complete circle of intensively expanded reproduction, which also includes the economic utilization of the material and intellectual potential--from science by way of production to sales. The hub of this circulation in the combine is the combination of science and technology with production or, in Marx' words, of intellectual production and material production. This is the main source of any improvement of efficiency, and that is why the flow from this source must be organized in the sense of its economic utilization. The combine offers the proper prerequisites. The extent and composition of the economic forces and funds operating in it allow it largely to earn the bases of its expanded reproduction and provide the vital conditions needed. That applies to the development of the intellectual potential--in cooperation with the universities and academies--and the creation of the prerequisites needed for rationalization by the development of new technologies and the construction of the necessary rationalization aids, to list only a few aspects. The main reserves for raising production in the combine therefore are developed to the extent that skilled management succeeds in completely and seamlessly to close the circle.

The combine is made up of legally and economically fully responsible enterprises--carrying their own names--, which are assigned their own state plan targets. It certainly does not imply the extinction of the individual enterprise. That is of great significance for the working peoples identification with the combine as a whole. Our experiences demonstrate most impressively that the performance of the combine is strengthened by the performances of the enterprises, and that the combine develops into a genuine socioeconomic organization on the basis of the existing enterprises. This involves a complex process which ties in with the stage of maturity in our socialist society as a whole, the further perfection of our production conditions, the deepening of the alliance between the working class and the socialist intelligentsia and, of course, the further development of central state management and planning and the standard and skills of our cadres.

Working in our industry and our economy generally at this time are many most capable managers, rooted in the working class, who--as communists--do everything in their power to strengthen the GDR. They are distinguished by great personal commitment, passion and expertise as much as by their ability clearly to formulate targets and inspire the initiative of people for creative action and excellence. That we were able, with the leadership of the party and in response to its orientation, to set up the combines and equip them with great economic responsibilities was due largely to the success achieved by the working class in training managers of great political maturity and the necessary skills, who--by their expert management--have succeeded in turning the objective potential of combines into economic reality.

Our general directors are increasingly successful in managing units which, with regard to their size and the volume of their production, are comparable to capitalist conglomerates. This shows that, on the basis of our Marxist-Leninist ideology, they are able better and better to subjectively also realize the objectively inherent superiority of socialism. It also shows that every responsible manager is initially trained and enabled to emphasize total societal interests, that the party and its organs steadfastly insist on shaping personalities able to carry out the general policy of the party by their active contribution in the specific sphere of operations. This is of vital importance for the further pursuit of the main task and the reputation of our republic.

The development of the combine, that reflection of the scientific organization of social processes, signifies our transition to the modern type of management of socialist industry. It shows very clearly that we have been able to take into account the objective necessities to the extent that objective requirements on the development of productive forces and the further perfection of our socialist production conditions called for the perfection of management also. This step was preceded by a long-range forecast and analysis, conducted by our party, which used the experiences collected for more than 10 years in the course of the evolution of combines in GDR industry. The current major economic units carry great economic responsibility and enjoy a stable management structure. They represent the essential prerequisites for the much more effective pursuit of the struggle for greater efficiency in accordance with present and future necessities and opportunities. In this meaning the process of the current consolidation of the combines is the result and part of the theoretical work and political struggle of our party for constantly guaranteeing on the soil of our republic also the all-round superiority of the socialist social order at a steadily higher level.

FOOTNOTES

1. See Erich Honecker, "Die Naechsten Aufgaben der Partei bei der Weiteren Durchfuehrung der Beschluesse des IX. Parteitages der SED" [The Coming Tasks of the Party in the Further Implementation of the Ninth SED Congress Resolutions], Dietz Verlag, Berlin 1980, pp 33 ff.

2. From the opening address by Comrade Guenter Mittag, Politburo member and secretary of the SED Central Committee, in: "Mit der Kraft der Kombinate fuer Einen Weiteren Hohen Leistungsanstieg" [With the Power of the Combines for Continued High Production Growth], Dietz Verlag, Berlin 1980, pp 14/15.

3. Ibid, p 18.

4. From the concluding address by Comrade Guenter Mittag, as above, p 28.

5. See Karl Marx, "Das Kapital," Vol 1, Collected Works, Vol 23, Dietz Verlag, Berlin 1962, p 790.

6. See V.I. Lenin, "Imperialism as the Highest Stage of Capitalism," Collected Works, Vol 22, Dietz Verlag, Berlin 1960, p 209.

Increased Technology Application

East Berlin EINHEIT in German Vol 35 No 6, Jun 80 signed to press 12 May 80 pp 576-580

['Management and Performance' feature article by Prof Dr Gerd Friedrich, economist, deputy director, Central Institute for Socialist Economic Management, SED Central Committee; member, GDR Academy of Sciences; chairman, Council for Economic Management Problems: "Utilization of Science and Technology to Be Purposefully Organized!"]

[Text] Our national economy must achieve production growth mainly by the more effective use, the most rational possible utilization of the available resources. The speed-up of scientific-technological progress in material production is therefore the main source of growth in the national income. "The starting point must be the more effective coupling of the advantages of our socialist society with the scientific-technological revolution. That is the pivotal point. The pace of the 1980's depends on scientific-technological progress and its extensive utilization, whether related to the growth of production or the necessary improvement in the ratio of expenditure to profit in economic operations."[1]

Better To Master Innovation Processes

One question dominates the issue of economic growth in response to the pace of the 1980's: How better to master the scientific-technological innovation processes in the combines and their enterprises. The Gera exchange of experiences between the SED Central Committee and the general directors and party organizations of combine central committees clearly showed that the technical-economic level of production in the combines largely depends on the success achieved in the stage preparatory to production for creating the necessary prerequisites. The efficacy of scientific-technological progress in the combines presumes challenging targets and tasks, the assurance of favorable conditions for initiative and creativity in the scientific-technological departments, which provide the prerequisites for the quick and comprehensive realization of scientific-technological results, including the skilled preparation and implementation of investments. As Comrade Guenter Mittag emphasized in his concluding address at Gera, it is imperative to establish an unbroken chain ranging from basic research by way of development, design and technology to production.[2]

The working and management style of the general directors of high-performance combines is distinguished by their full utilization of science and technology as the crucial factor of efficiency and by their insistence that the entire management system in the combine be oriented entirely and completely to the successful accomplishment of the tasks involved therein. They devote a great deal of their management operations to the question what new quality products at top standards should be introduced, what new technologies employed and the initiative of the working collectives in all departments directed to the best possible economic and scientific-technological performances. The concentrated use of the research and development potential, the purposeful encouragement of the innovator movement and the organization of comprehensive competitions among collectives of the production preparatory departments and production collectives encourages increasingly effective economic initiatives for speeding up scientific-technological advances which decisively influence the progress of combine efficiency by, among others, speeding up time schedules and producing the greatest possible economic efficacy in the introduction of new products and processes to manufacture. Arising at the same time are new types of cooperative work, which are of the utmost importance for the further development of the scientific-technological intelligentsia and the working class.

In conjunction with the political leadership of the party organization the personal commitment of the general director to advanced technical-economic targets, his judgment in matters of science and technology and his fighting spirit when it is vital to inspire scientific-technological top achievements and transfer them to production, are crucial for fostering the correct attitude of managers at all levels of the combine (down to the smallest work collectives), which is necessary for speeding up scientific-technological progress.

Among the prerequisites for the effective utilization of science and technology to be provided by the combine management is the setting of targets and tasks for product and process development. The basis must be the development trends vital to the combine's own reproduction process in science and technology, and they must be coupled with the careful analysis of the needs of users (which still leave much to be desired), and the potential for rationalizing production. The necessary advance knowledge must be ensured mainly by industry-specific basic research in the combine and cooperation with other facilities for basic research--especially the academies and university research departments. Nor should we underestimate the knowledge derived from the perusal of national and international technical literature, especially with reference to patent and copyright. It must be abundantly clear that the technical-economic standard to be achieved cannot be "picked"; in fact the international standard is bound to be a merciless criterion. This awareness is just as much a management condition for effective results as is the capacity to challenge a creative atmosphere in the scientific-technological departments from the establishment of targets onward. "We are inevitably faced with the task on the basis of broad basic research to achieve more top performances and extensively apply them without loss of time. Only thus will we be able to realize that higher stage of productivity, which is necessary for successfully continuing to shape the developed socialist society in our country."[3]

The struggle for top achievements inevitably includes the orientation to a high creative content of scientific-technological work. While the yield of patents is not the be-all and end-all of economic efficiency, it does reflect an important aspect of the standard of performance of scientific-technological collectives. Good combines annually record 6-10 or more patents per 100 university and technical college cadres engaged in research and development.

The advance knowledge necessary for setting targets in science and technology is expressed in the long-range intensification and development conceptions of the combines. They are the most important planning and decision-making documents for the incorporation of efficiency-determining innovation processes in the reproduction process. Consequently they are the basis of the unity of product and process development, the coordination of the crucial internal and external interrelations in the process of research and development as such, and even more in the transfer of the ensuing results to production and future production generally. It is therefore necessary to include among the functions of these plan preparatory documents the coordination of the scientific-technological targets with the material conditions in the scientific-technological field--proving grounds, technical schools, pilot plants, sample construction, rationalization aid construction, and so on--as well as with the investments needed to transfer the results of product and process development to production. Finally they serve to achieve the coincidence of economic requirements on the growth of combine production with the results to be aimed for by science and technology in the improvement of the technical-economic standard.

The instructions provided by the long-range planning documents in turn furnish an important basis for the preparation of the duty books for science and technology. Conscientious work with these documents has proven a key issue in future-oriented management of science and technology. It is reflected especially in the fact that a substantial slice of management operations is devoted to careful target and task decisions for economically feasible top achievements--judged by internationally effective quality parameters (such as advanced functional value, favorable mass-performance ratio, reliability and good design), production consumption, specific energy and materials consumption, time and manpower savings, reductions in prime costs, exportability and profitability.

Strengthen the Motivation to Creative Achievements

Ideas for top achievements with respect to products, processes and technologies are largely hatched in research and development collectives. It is therefore imperative for the combine management in all considerations and measures for ensuring proper conditions for creative work to devote the greatest attention to precisely this department. To begin with it is a matter of motivating able cadres to turn out the best possible performances. Collectives in research and development are challenged and professional zeal aroused by ambitious criteria. Creative differences of opinion and the delegation of responsibility assist a performance-oriented atmosphere. It is vital for the scientific-technological cadres always to sense that the management demands and encourages great achievements, is receptive to their problems at all times, trusts their capacity and properly acknowledges outstanding achievements.

Sociopsychological factors are extremely important for the management of this sector. The qualifications of the directors of research facilities and their subordinate managers--whether as specialists or managers of collectives--and their personal commitment to challenging targets as well as their political enthusiasm are of the utmost importance for the collectives readiness and capacity to perform. Professional ambition, striving for national and international recognition, great social appreciation of the results, self-esteem and successes supply vital impetus to scientific work and should be promoted. The working atmosphere in good collectives is decisively affected if the manager applies strict standards on his own output, if he is distinguished by readiness to take risks and by responsibility, if comradely relations prevail between the manager and his staff as well as among researchers and developers, and if there is receptiveness to constructive criticism. Also necessary are discretion and consistency in cadre work to guarantee that creatively working people head the research and development collectives, that young staff members are systematically challenged and encouraged, that not seniority but ability, spirit and the readiness to take a risk are the deciding factors. An essential element of success in this area is cadre work in the course of which a careful study is made how far every individual university and technical college graduate is really capable of creative achievements--judged by the standard of earlier successes, patents and publications--, and which carefully considers the most suitable make-up of research collectives.

Motivation to great achievements includes the politico-ideological awareness that research and development are neither a matter of private indulgence nor goals in themselves, that ultimately telling are only the economic and social effects achieved by way of scientific-technological performance. A great deal of money is spent on scientific-technological work--it represents prior services which must be returned with profit. Crucial here is the need to turn out products with new functional features and of excellent quality while using highly productive, energy and raw material conserving technologies, all this in order to obtain higher export earnings and better meet the domestic demand at lower cost. Considering our resources and the great foreign trade burdens on our economy, it will be possible only by the appropriate performances of science and technology to achieve the necessary qualitative change in production--in other words meet the need for supplying more high-quality industrial consumer goods, more highly refined products for the domestic demand and exports, accompanied by rising productivity and lower energy and raw materials use, for saving manpower by the appropriate rationalization push and freeing workers for other economic tasks. This political appreciation must color the attitude of cadres in science and technology, determine the atmosphere of the competition.

Appropriately Shaping the Scientific-Technological Potential

Beginning with the correct targets and tasks for scientific-technological work, success will largely depend on the success achieved by the combine management in appropriately shaping the scientific-technological potential. Studies have taught us that the effect on performance and efficiency growth is low when efforts are fragmented by a multiplicity of individual tasks, when further development and refinement predominate in the range of product assortment and manufacturing technologies. Depending on the basic direction of scientific-technological development in the combine, personnel and resources must be concentrated in production-determining sectors. Such an approach must be assisted by informative analyses which provide clues about the statue and efficacy of the scientific-technological potential and permit conclusions for further development. It is therefore necessary to record all elements of the scientific-technological potential: The development and deployment of cadres, the standard of research techniques, the technical equipment used, the laboratory, testing and measuring technology and other components. Based on such analyses it will be necessary--starting from the united scientific-technological basic direction of the combine --to arrive at conclusions on the improvement of the internal proportionality of the scientific-technological potential. That applies from the quantitative aspect, such as emphasis on bottlenecks to be found in technology, planning, sample construction and the construction of rationalization aids, and from the qualitative aspect, that is the improvement of the structure of the scientific-technological potential such as may be achieved by raising the contribution of basic research and planning by the better interdisciplinary composition of the collectives or the provision of modern research equipment. Any raise in the internal proportionality and efficacy of the scientific-technological potential assumes the inclusion of the appropriate measures for the intensification of scientific-technological work, calls for a larger contribution by intellectual-creative processes and for the reduction of routine work as well as measures for the further training and education of cadres in the research and development department as such. Though the situation varies considerably in the various combines, it is quite possible to perceive certain main directions in the suggestions how to raise the efficacy of the total potential in many combines:

.. The further build-up or expansion of capacities of industry-specific basic research.

This is a crucial point with regard to raising the standard of scientific-technological performances. In many cases international top achievements predicate the better utilization of the findings of basic research. They are an important source of innovative processes and, above all, trigger revolutionary changes in the development of products and processes. The most favorable possible prerequisites and conditions for the better advance knowledge of basic research can be provided by the combines only in close research cooperation with the scientific institutions--the GDR Academy of Sciences, the universities and advanced schools--as well as other central institutions.

.. Purposeful strengthening of technological work by the further expansion of the technological potential.

International analyses clearly show that scientific-technological results can nowadays be used to the best economic effect only by way of technological advances. The combine provides much more favorable conditions for the concentration of personnel to accomplish the tasks of technological research than do the individual enterprises. An important experience concerns the construction and expansion of technological centers. Involved here is the coordinated research and development of specific technological fields by the corresponding specialization and concentration of personnel, so that the scientific-technological preliminaries and material-technical conditions for the wide use of highly productive technological processes may be guaranteed.

.. Strengthening the capacities in planning, tool and sample construction and testing.

The greater economic efficacy of scientific-technological progress and, above all, its speed-up and the curtailment of transfer delays largely depend on the provision of larger capacities for planning and the material preparation of production.

.. Further development of rationalization aid construction and the improvement of the scientific-technological and economic standards of rationalization aids.

In recent years the construction of rationalization aids in most combines has speeded up very considerably. The use of the special technological equipment manufactured has resulted in rising economic achievements, especially when it was a matter of complete assembly lines of advanced technological standard. At the same time we learned that, as a rule, this required the corresponding reinforcement of technological work, especially technological research.

Comrade Guenter Mittag emphasized in Gera that, at the beginning of the 1980's and in preparation of the Tenth SED Congress, it is of the utmost importance for all our future work for us to obtain a basically precise strategic concept for the more distant future. A crucial element in this concept are the Politburo resolutions on the speeded-up development and use of micro electronics, the deployment of industrial robots, the electronic control of machines and the increased use of computers. Involved here is one of the main requirements for thoroughly improving the technical and technological standards in the national economy as a whole and for opening new vistas to socialist rationalization. It is imperative for every combine to incorporate its appropriate targets in the total concept of economic development and to contribute to the advance of the efficiency and efficacy of the economy by way of scientific-technological top achievements and their economic utilization as well as by the widespread improvement in the technical-economic standard of production.

FOOTNOTES

1. Erich Honecker, "Die Naechsten Aufgaben der Partei bei der Weiteren Durchfuehrung der Beschluesse des IX. Parteitages der SED" [The Coming Tasks of the Party in the Further Implementation of the Ninth SED Congress Resolutions], Dietz Verlag, Berlin 1980, p 29.

2. See the concluding address by Comrade Guenter Mittag, Politburo member and secretary of the SED Central Committee, in "Mit der Kraft der Kombinate fuer Weiteren Hohen Lei[illegible]stieg" [With the Power of the Combines for Continued High Pr[illegible] Growth], Dietz Verlag, Berlin 1980, p 36.

3. Erich Honecker, as before, p 33.

Metalworking, Plastic Processing Machinery

East Berlin EINHEIT in German Vol 35 No 6, Jun 80 signed to press 12 May 80 pp 581-585

['Management and Performance' feature article by Dr Herbert Kroker, economist, general director, Herbert Warnke VEB Forming Equipment Combine, Erfurt: "Our Combine in the Struggle for Scientific-Technical Progress: Experiences and Requirements"]

[Text] Herbert Warnke VEB Forming Equipment Combine, Erfurt

-- Important producer of machines and equipment for sheet and solid forming and plastic processing;

-- Delivery program: 70 types of machines in 160 construction sizes and about 1,000 variants;

-- Main users: Automobile and tractor industry, farm machine construction, electrical engineering industry, standard part industry and technical consumer goods producers;

-- Nineteen combine enterprises including ten producers of finished machines, four machine tool and mold producers, a producer of electrical and electronic controls for machine tools and processing machines, and one research center for forming processes;

-- Nineteen thousand employees, including some 3,000 university and technical college cadres. About 3,500 employees work in the departments for technical production preparation, 1,700 of them in research and development.

-- Production volume: Some M1.4 billion of industrial goods production; 90 percent of machine production are exported.

-- Exporter to more than 50 countries. The USSR is the chief trading partner;

-- Fifty-six percent of the volume of the combine's good production subject to testing have been awarded the "Q" quality mark, including 76.2 percent of cold-forming machine tools and 32.3 percent of plastic processing machines.

Scientific-technological progress involves unprecedented criteria in the rate of introduction of top products on the basis of the most efficient technologies and advanced types of production organization. At the Eleventh

Central Committee Plenum Comrade Erich Honecker emphasized that we are compelled "to measure ourselves against these objective criteria of scientific-technological progress, efficiency and the quality of intensive management. We are not compensated on the world market for that which we must expend at home, only for that which meets the international standard of costs."[1] Of course these words are entirely valid for the Herbert Warnke Forming Equipment Combine which must achieve its large exports by meeting the severe criteria of the world market. Our results show that we are not doing badly. In the past 10 years the combine has managed to achieve average annual growth rates of production amounting to 11.2 percent, of productivity 8.4 percent and of efficiency 16 percent. We succeeded in doing this mainly by the economic utilization of scientific-technological advances.

Currently our combine has some 19,000 workers distinguished by their advanced educational standard; it also has a modern material-technical basis. Despite the worsening of foreign trade conditions, these are favorable starting positions for continuing our successful development, especially by advanced scientific-technological results and their economic realization. Quite early on our combine drafted a strategy for science and technology, which guarantees more than 90 percent of the further above-average growth of production and efficiency in the years through 1985 and beyond. It is based on the concentration of the science and production potential and investments on growth and efficiency determining directions of scientific-technological progress. It is significant here that our allocation of capacities of computer construction now allows us to develop machinery, machine tool, automation and computer technology in a single complex.

When drafting this strategy and tackling the major tasks in science and technology, we in our combine are able to claim that we do not merely discuss such basic issues of social progress and the growth of efficiency. For many years managers and specialists--in particular of such departments as research and development, rationalization and technology, organization and data processing as well as management--spend up to 40 percent of their working hours in preparing coordinated and challenging tasks for science and technology and establishing the proper conditions for new approaches. We are not only concerned with future tasks. In fact, as Comrade Guenter Mittag expressed it at the exchange of experiences in Gera, we are dealing with "the evolution of the tasks to be accomplished today from the requirements glimpsed ahead. Involved, therefore, is the necessity by present actions to determine and secure the future, and from the aspect of progress at that."[2]

Starting from this premise our politico-ideological work centers on the principle, mandatory on all of us, that new equipment must yield a greater distributable final product while using less working hours, materials and expenditure per value unit of industrial goods production. New products may be transferred to production only if they differ from earlier products by a higher and economically useful functional value, judged by the criteria of the international market, and if--by the more intensive utilization of the available intellectual potential--they manage to achieve a higher degree of refinement of the raw materials and other materials used. They must therefore from the first series only ensure a greater contribution to the growth of the national income.

Led by the party organization in conjunction with the labor union organization and the involvement of all other social forces, we have increasingly raised the consciousness of the working people--especiall the cadres in design and technology--by pointing up the specific connections between their daily work and the objective developmental conditions of our society. They are now fully aware that the maintenance of our satisfactory standard of living and its further gradual improvement depend entirely on the contribution of every individual to greater economic efficiency. At the current rate of progress and in view of the dynamism and the always rather incalculable risk factors, a great personal contribution in science and technology is achieved if everybody identifies with the challenging targets of the combine and is motivated by them to deal with problems by bold advances, creative work, personal commitment, decisiveness, initiative and persistence.

Such an atmosphere can develop only if the manager initially involves the collective in the drafting of assignments, and if the most promising approaches are chosen in frank exchanges of opinion. It is the prerequisite for the manager to accept challenging targets for himself and do everything "really (to make) effective science as a productive force with far greater consistency than hitherto for the necessary production growth."[3] In addition to the necessary basic attitude to the requirements of our social development this also calls on the manager constantly to add to his knowledge, unrservedly to familiarize himself with all new and most modern developments in science and technology. In our industry this currently affects such fields as micro electronics, robot technology, automation, computer controlled technology and electronic data processing. This task cannot be delegated. For the manager to find the right attitude, the factual and uncompromising analysis of the combine status is indispensable while keeping in mind top standards at the international level and taking into account the rapid rate of further scientific-technological development.

For the preparation of documents for long-range tasks annual closed meetings and technologist conferences have proven useful. They involve managers, specialists from all technical departments, and innovators. The technical directors attending these discussions there develop the specific qualitative and quantitative tasks of their departments in order to ensure the necessary growth. The fact-related debate between experienced older scientific cadres and young engineers or specialists from the most varied technical backgrounds but with great theoretical knowledge and new ideas encouraged an atmostphere of creative urgency. This helped to overcome a certain tendency to appraise one's own standards from the viewpoint of the past. Available experiences were used to promote new demands. The fund of ideas, suggestions and realistic projects was so expanded that basic tasks with a preparatory term of up to 10 years were conceived and planned.

On the basis of computed economic needs we drew up forecasts for research and development for a period of up to 10 years, established basic orientations for intensification and decisive measures of comprehensive rationalization for a term of 5-8 years, and determined the product catalog with new and further developments as well as their transfer to production and the specific targets for raising productivity and efficiency with a preparatory period of about 5 years.

To organize the most efficient fund and manpower structure and concentrate investments on the crucial sections of scientific-technological progress we have drafted increasingly appropriate balances of the necessary capacities and available funds with a preparatory period of about 5 years.

In this process the managers are confronted by the genuine possibilities of the available scientific-technological potential and enabled in good time to arrive at conclusions for the necessary structure of the required influex of scientific-technological cadres.

Given the indispensable need for further strengthening the scientific-technological potential, our priorities must be aligned to quality rather than quantity. To do this we need the relevant training of young scientists and technologists and intensive further education, because the professional knowledge of an engineer must be renewed at least twice or three times in the course of his working life.

"Of course higher education and more highly skilled work do not automatically result in greater new values... The functional value, that is product quality measured by international criteria, decides in how far the total work invested in products receives social recognition and, consequently, creates values...Real top achievements show up in profits, that is the growth of value thereby realized."[4] In the struggle for this economic content of top performances we have found useful assignments for individuals and collectives, which involve the economic effects to be achieved in addition to the determination of the specific objective, the stages of work and characteristic technical parameters.

The manufacture of quality products also offers opportunities for licensing. In recent years our combine has issued 18 licenses to 9 countries and thereby earned some M2.5 million in additional incentive funds. In compliance with legal regulations these funds are used to stimulate advanced scientific-technological performances by designers, technologists and innovators.

Our combine produces investment goods primarily for export. Four work premises for the management and planning of product development have yielded good results:

1. The functional value produced as the result of research and development as well as the transfer of new items to mass production must grow more rapidly than the price realized by this functional value, especially at home.

Decisive here is that functional value which is in great demand, guarantees the user a genuine improvement in the price-performance ratio as compared to earlier equipment, in other words offers better performance at lower cost and is not confined to the improvement of technical parameters.

2. Compared to the former or earlier comparable product, the time spent on the production of the new item must be less--measured in the goods unit M1 million industrial goods production. Moreover, rationalization and average investments must reduce some 30-40 percent of the time spent in the 6-8 years the item is turned out in mass production.

3. The specific materials costs of the new product must--converted to M1 million of industrial goods production and differentiated by types of materials according to their economic importance--be lowered by up to 40 percent and sometimes more, by comparison to the earlier product.

4. Foreign exchange profitability must continue the same or improve.

The consistent orientation of research and development to advanced economic targets yielded the following changes compared to earlier products in, for example, a representative new generation of 5-ton presses:

-- The output volume per minute rose from 4-6 parts to 18-26 parts;

-- The manufacturing costs of M1 million goods production declined from 10,900 hours to 7,700 hours;

-- The specific material use for M1 million of goods production was reduced from 49 tons to 21 tons for cast steel, from 127 tons to 52 tons for rolled material, and from 23 tons to 10 tons for forgings.

The exemplary performances of designers, technologists and workers served to conclude the development of 6 machine types of the new generation of presses 1-2 years earlier than expected. At the same time we managed to export top standard products while taking into account complicated additional technical requirements. However, we are quite aware that a great deal of complex work remains to be done if we are to achieve the same results in the full range of the volume-determining assortments and have, therefore, adopted the necessary conclusions.

Similar results as for the new dual-press generation have been achieved in the new packaging equipment manufactured by VEB Blema, Aue, the new stage forming automatic machine made by VEB Wema, Zeulenroda, and the first specimens of the new series of profile mill cutters produced by the VEB Wema, Bad Deuben. The speed of output must rise in all of these, so that a wide range of the new hydraulic presses, cutting presses, profile mill cutters, injection molding machines, extrusion and foaming equipment may be transferred to production in the first years of the new five-year plan period. Increasingly to be used are micro electronics and modern computer controls. Our calculations have shown that the contribution from product development will have to amount to 35-40 percent in order to ensure the planned growth of output.

The struggle for top performances of the products calls for fundamental changes in the technology and organization of production. In our industry we note the following main trends:

.. Increasing specialization, more profound division of labor and the comprehensive use of electronic data processing for the rationalization of routine processes and for the optimalization of technical solutions in design and technology. In conditions of individual and small series manufacture, the special production of equipment for solving complex technological problems, the extensive technical documentation--such as specifications, work schedules, product normatives and organization of modifications--can be effectively dealt with only on the basis of a modern computerized data bank. The standard of the approach adopted more and more decides how the possibilities of the standardization of components, efficient types of the division of labor in prefabrication and assembly, especially the object principle and optimum lot sizes may be productively used for new technological processes. With the aid of electronic data processing we ensure scientifically substantiated bases of planning and balancing for the comprehensive management of science, technology and production, the more intensive utilization of productive funds and the improvement of the work with the working people in the socialist competition.

.. In parts manufacture new generations of machine tools dominate at an increasing rate and volume. They boast advanced propulsive drives, high performance tools, computer controls, automatic tool change setters and tool stores as well as charging robots. The high-capacity operator's positions are more and more intensively used by appropriately complex working conditions such as mechanized and partly automated ancillary processes, optimalized production cycles and automated delivery and removal.

.. In the assembly sections the division of labor is deepening as the result of specialization and concentration on the basis of the increasing mechanical accuracy of prefabrication. This smoothes the way for machinery and mechanization aids for assembly processes and reduces the proportion of manual labor.

These approaches to intensification and rationalization challenge the capacity of the combine rationalization aid construction and call for the concentrated use of investments. They facilitate the objectively necessary comprehensive rationalization push in our production, especially manpower savings which will free workers for the change required in the structure of the labor force in accordance with the new demands of scientific-technological progress. By the more intensive use of investments we are achieving a more rapid rise in output than in basic assets within an operating year.

Using this approach in the 1970's we managed to triple output yet reduce from 1,432 to 1,097 the machine tools deployed in main production. The utilization of machine tools has been extended to 15 hours per calendar day, or 21 hours per working day. In the parent enterprise, for example, in any one shift only 3 machinists are now needed to operate the equipment and 1 dispatcher to look after the console for the manufacture of some 250,000 shaped parts per annum, which are cut from approximately 8,000 panels of heavy plate of 3 tons each by path controlled computerized automatic flame cutting machines.

By using one technologist's operating position where, by means of a computer with display screen, the programming of the computer technique is rationally handled, we achieve the optimalization of cutting plans and therefore another 3-5 percent reduction in the cutting waste ratio and, as the result, a 92-93 percent overall utilization of rolled material.

Based on long-range capacity balances we have gradually built up lasting and stable rationalization provisions for crucial manufacturing segments. It is common practice for us gradually to transfer these objects of socialist rationalization to production while maintaining the current output. One example is our manufacturing system for processing heavy welding components with optimum processing accuracy and advanced cutting values. An automatic and computer controlled delivery machine supplies five giant processing machines. A computer supervises the control of the passage of commands in accordance with a system of permanent optimalization. At the same time intermediate operations are subject to supervision by data processing equipment.

Emphasized in technological work is the replacement of conventional equipment, processes and technologies by more efficient equipment, processes and technologies. We have, for instance, systematically replaced the obsolete planing of blanks by milling processes. In large-scale processing gantry equipment predominates, also the conversion (worked out in the combine) of conventional boring machines to computer controlled units with precision turntables for five-sided processing in one setting.

Fifty percent of rationalization effects are advances from manual processes. By directing the rationalization strategy to those operations where heavy manual labor, monotony and hard to standardize performance targets predominate, we also meet a humane need. We are having increasing success in using this approach for handling object-specialized component assembly. Its ultimate goal is the low-effort assembly of products on the principle of "once-only final assembly of the products on the premises of the user."

These methods of intensification and rationalization are designed to achieve 60 percent of the annual growth projected for the period through 1985. By 1981/1982 another concentration of forces and resources should achieve the rationalization effects initially planned for 1983/1984.

The dynamism of technical progress, especially in the field of technology, illustrates the development of the necessary capacity expenditure per

per M1 million of industrial goods production. This will decline from about 21,000 hours in 1970 by way of 14,500 hours in 1975 and 9,200 in 1980 to roughly 7,000 hours in 1985. At the same time the extent of economic cooperation will rise from 48-52 percent--mainly due to automation and computer control. This shows that the reduction of time expended is the focus of the work for the economic use of scientific-technological progress because, as Marx noted, ultimately all savings resolve themselves into savings of time.

In the 1970's we were able increasingly to use the qualitative factors of intensification for the growth of output and efficiency by the consistent management and planning of scientific-technological advances and their economic application. At the same time we still observe differences in the standards of enterprises and the entire reproduction process. These must be leveled for important directions of scientific-technological progress, and we must ensure the general breakthrough to top standards. The accomplishment of our task even more resolutely to advance toward the further implementation of the Ninth SED Congress resolutions will be our contribution to the preparation of the Tenth SED Congress.

FOOTNOTES

1. "Aus dem Bericht des Politburos an die 11. Tagung des ZK der SED. Berichterstatter: Genosse Erich Honecker" [From the Politburo Report to the Eleventh SED Central Committee Plenum. Reporter: Comrade Erich Honecker], Dietz Verlag, Berlin 1979, p 40.

2. Guenter Mittag, in "Mit der Kraft der Kombinate fuer Weiteren Hohen Leistungsanstieg" [With the Power of the Combines for Continued High Production Growth], Dietz Verlag, Berlin 1980, p 19.

3. Ibid.

4. Ibid, p 58.

Raw Material Refinement

East Berlin EINHEIT in German Vol 35 No 6, Jun 80 signed to press 12 May 80 pp 587-593

['Management and Performance' feature article by Prof Dr Helmut Koziolek, economist, SED Central Committee candidate; director, Central Institute for Socialist Economic Management, SED CC; chairman, Council for Economic Research; member, GDR Academy of Sciences and EINHEIT editorial board: "Improved Refinement of Raw Materials"]

[Text] Our policies are directed to security, peace and further advances in all areas of social life in our country. They call for more emphatic growth of productivity and efficiency now than in the 1970's. Consequently in all sectors of our economy much greater emphasis is due the full development of the qualitative factors of economic growth as a political priority. Comrade Erich Honecker stressed the necessity for making more of what we have because "the relation between the resources available to us and the necessary growth of production has fundamentally and permanently changed."[1]

The accomplishment of this task is directly linked to the struggle for better quality because--in the words of Comrade Guenter Mittag at the Central Committee's exchange of experiences with the general directors and party organizations of the combine central committees--"nowadays outstanding quality largely involves the advanced refinement of production"[2] and it does so at every stage of manufacture up to the finished product. The greater refinement of raw materials and other materials in fact amounts to a basic task for every combine, and the approach to it reflects the combine's real contribution to the satisfaction of demand, the improvement of export profitability and the rise in production growth.

The improved refinement of raw materials and other materials by way of the most varied stages up to the finished product includes many different operations. It calls for the most effective use of the intellectual and material potential at every stage of the division of labor and cooperation. Inadequate refinement means loss of national income. It goes without saying that in our economic conditions the problem of improved refinement is concerned particularly with coping as well as possible with the difficult conditions on the raw material markets and foreign markets generally. At the same time we should by no means forget that, basically, this is a process of historic dimensions, which is related to the capacity of human labor, the status of science and education, the technical and technological standard of production and its translation into products to satisfy needs. For the further shaping of the developed socialist society this is determined especially by combining the benefits of socialism with the scientific-technological revolution.

Marx already indicated the connection between the improved refinement of raw materials, other materials and ancillary substances on the one hand and scientific-technological progress and the need rationally to carry on this process at all stages up to the finished product. He also pointed out the necessity for all sectors of production reciprocally to affect one another in this connection, as well as the fact that qualitative and quantitative changes occur side by side. He emphasized that the growth of productive forces must be coupled with greater efficiency, that this is the qualitative reflection of the efficacy of live labor, that the possibilities of production and consumption are thereby expanded and new needs satisfied. He continued by saying that the better analysis and exploitation of nature is required "to discover new and useful objects as well as disclose new functional features of old ones, also new features of these as raw materials, and so on, and to develop the natural sciences to their highest point..."

New products and technologies of advanced economic efficacy, which determine the advanced standard of science and technology worldwide--in other words more refined raw materials and other materials--can be developed only with the help of basically new findings about the inevitabilities in nature and technology. The history of the development of productive forces offers innumerable examples to show how basic research in conjunction with applied research spawned fundamental structural changes in existing industries and caused new industries to emerge. Let us recall nuclear fission, the development of nuclear physics (without which there would be no nuclear energy, no nuclear technology); also the work on the electric properties of waves without which electronics would not be possible, whether in the form of tubes, semiconductors or micro processors. The perceptions about the analysis and synthesis of dyes were the starting point for their industrial manufacture from tar products. These products were much cheaper than those found in nature and considerably affected the immensely important process of chemicalization. Basic research on the polymerization of organic compounds represents the foundation for the production of a group of chemical compounds not found in nature at all. We really can no longer imagine our lives without the products based thereon--synthetic fibers, plastics, propellants and others. The development of micro electronics in the GDR in the planned considerable volume and at the planned rate of speed would not be possible without basic research in the field of high-purity substances,solid body physics and materials research. Here as in many other industries we see that our combines must fully exploit their opportunities together with the facilities of basic research to convert theoretical knowledge and experiences into new technologies and products.

Karl Marx devoted the utmost attention to the utilization of available resources, in particular in connection with the increasing skills of live labor, which he very specifically described as the highest form of accumulation. This process is of immense importance in the conditions of socialist ownership and, therefore, the cooperation of socialist owners. Karl Marx wrote: "A machine is useless unless it serves the work process...Live labor must tackle these things,...convert them from only possible to real and effective functional values."[4] Over and over again did Marx emphasize live labor as the most important element of the greater refinement of embodied labor, as the vital and inspiring fire of production which keeps the material and alters the shape of the substance until it is appropriate for the purpose of the labor. Unless used, and used rationally in the various stages, all working tools and objects represent wasted labor. Conversely Marx recorded that, from the social aspect, increased productivity in one industry lowers costs for the others, and this in turn may relate to advances in the field of intellectual production, especially the natural sciences and their application. Marx repeatedly emphasized the role of science and its utilization in order to achieve more refined products. He wrote, for example: "Nature does not construct machines, engines, railroads, electric telegraphs...These are products of human industry; natural material converted into organs of the human will set above nature or the human will's action in nature. They are organs of the human brain created by human hands; the embodied power of science."[5]

Let us leave it there and remember: The improved refinement of raw materials and other materials, its effect on products which qualitatively better and more efficiently satisfy needs, whether as tools, objects or consumer goods, is a basic process depending mainly on the standard of science, education and its application in production. The evolution of our socialist production conditions must be linked with this process at all times and indivisibly. Many combines already make every effort for the improved refinement of raw materials and other materials as well as their most complete possible utilization. Here we really see demonstrated the combine effect.

Realization of the full portent of the refinement processes for our further economic growth assumes profound appreciation of the historic dimensions of our present task which is objectively determined by the world standard. It is evident that the improved refinement of raw materials and other materials as well as the qualitative and quantitative improvement of working tools follows upon innovations with serious effects on management. They involve basic innovations building on developments or discoveries as well as systematic improvements in technique, processes, equipment and production.

Basic innovations often result in the establishment of new industries or profound changes in all sectors of the social productive forces. Let us only remember such qualitative developmental jumps in the refinement of raw materials and other materials as were generated by the steam engine, the mechanical loom, the machine tool, the railroad, the Siemens-Martin furnace, electrical engineering, the internal combustion engine, the automobile, the aeroplane, the electronic valve, the transistor, the integrated circuit, the micro processor, data processing and space technology. These are all innovations which initiated profound changes in productivity and need satisfaction while providing tremendous challenges to the division of labor, cooperation and resources.

We define as improvement innovations those by which existing technologies are further developed or existing products so improved by new designs and developments that they are superior to earlier products in variety, quality, effect, reliability, and so on. Examples are Malimo equipment, plasma smelting furnaces and others. They also make for considerably improved utilization of resources. Both types involve far reaching processes for the rational use of raw materials and energy as well as, evidently, for the conservation of reduction of manual labor and, therefore, the improvement of productivity.

Instructed by the Ninth SED Congress resolutions and the Eleventh Plenum resolutions, and in consideration of Comrade Erich Honecker's address to the Central Committee secretariat's conference with the first secretaries of kreis leadership organizations, the initiative of the working people in the combines is growing with regard to the improved refinement of raw materials and other materials in the meaning here described. In his concluding address at the Central Committee's exchange of opinions with the general directors and party organizations of the combine central committees, Comrade

Guenter Mittag emphasized that it was imperative to overcome the tendency in fields like chemistry, metallurgy, the textile industry, electrical engineering and electronics to still turn out mainly products of the first or second processing stage, with the result that our exports were structured correspondingly. To cite an example: In an industry as important for our modern industrial country as electrical engineering/electronics, the bulk of exports still consists of simple components, because not enough products of high refinement are manufactured. This very strongly underscores Comrade Guenter Mittag's conclusion that it is vitally necessary by skilled work to refine the available raw materials to the fullest possible extent. The GDR's status as one of the leading industrial countries worldwide inescapably requires the manufactured products to embody the most advanced technological standards--and that is just another term for the greatest possible refinement of raw materials and other materials by highly skilled labor.

The following examples illustrate how workers, technologists and scientists struggle steadily better to respond to these challenges.

.. In the chemical industry it is necessary more efficiently to use the valuable original constituents crude oil and natural gas and, by converting them into products of the second processing stage, substantially multiply their yield. The introduction of a process for the deeper fission of crude oil in the VEB Petrochemical Combine therefore serves more rationally to utilize this raw material for meeting the demand for high-quality carburetor fuel. At the same time other possibilities are provided for obtaining more and valuable petrochemical substances.

...Ferrous metallurgy was able by galvanization, lacquering and the application of plastic coating of plate to achieve an excellent economic effect. Corrosion damage still costs the national economy some 1.5 percent of the total social product per annum--M6 billion! The transportation of chemically corrosive media by pipe is possible only by coating pipes as done in the Riesa Pipe Combine, for example. This is a good demonstration of the need to shift anticorrosion measures from processing industry to the earlier stages. If we were to succeed, for example, in protecting steel components from corrosion by applying a coating already in the second processing stage of metallurgy, we would save 80 percent of the cost incurred when applying this coating on the construction sites. Another example is the development of the type IV heat reinforced steel and its extensive use in construction. The beneficial qualities of this mass produced steel are expanding technically feasible application to nearly 85 percent of all reinforced steel. Moreover, when it is used, 30-35 percent less steel is needed compared to the plain reinforced steel still employed, and 15-17 percent less compared to other already introduced high-quality reinforced steels.

.. Of exceptional importance also is the development of nonferrous metallurgy. The Albert Funk Combine, for example, very clearly demonstrates the combine product by its product line "precious metals." As a result of the prefabrication of components for electrical engineering and the purposeful use of materials it has been able substantially to lower the precious metal content of the finished product--for instance the silver content in contacts and switches from 48.6 percent in 1970 to 13 percent in 1980.

.. Profoundly important for all sectors of the national economy is the improved refinement in the combines of the electrical engineering/electronics industry and machine construction, in other words the metal processing industry. Many of the necessary prerequisites are provided by the chemical industry and metallurgy. Marx' dictum on industry as a whole, namely that modern industry may never consider the prevailing type of production definite, applies most pertinently to the division of labor and the cooperative processes in these combines.

The VEB Carl Zeiss Combine, Jena, consistently endeavors to use micro electronics. As a result it achieves a definite improvement in the functional values and standards of the new products; this is necessary for them to be competitive. Over and above this we get the rationalization effect of micro electronics for the user, reflected in materials and energy savings as well as a substantial rise in productivity. As late as 1969, for example, a coordinate device (used in the appraisal of aerial photographs for map making) with electro-mechanical effective principles included 20 percent of electronics and weighed 200 kg. The 1978/1979 coordimeter is micro computer controlled, and its weight has been reduced to 85 kg. This was coupled with a substantial reduction in development costs and a considerable improvement in productivity.

The VEB Robotron Combine is making great efforts to improve the standard of the micro computer family, a crucial aid for scientific-technical progress and rationalization push. While tripling reliability, the new K 1600 micro computer series, for example, makes it possible to lower energy consumption by 60 percent, the weight by 75 percent and manufacturing costs by 60 percent.

The VEB Radio Transmitter Plant, Kopenick, developed a new generation of devices for VHF traffic radio equipment which achieves the performance parameters of comparable international products. The development of this item resulted from cooperation on the basis of a coordinated research and development conception. The new device is equipped exclusively with electronic components from the GDR and the Soviet Union. On the level of the national economy its use results in the intensive utilization of funds by, among others, the GDR Railroad, agriculture and commuter traffic.

Within the scope of the state assignment "photoconductor-signaling" the cooperation of several combines in the electrical engineering/electronics industry with combines of our industries succeeded in developing products with better functional values and tailored to our raw material basis and technological potential. By using photoconductor-signaling the transmission of signals will, in future, use photoconductor cables with a diameter of one tenth millimeter instead of the former copper cables. The transmission of

360 telephone conversations hitherto used a cable 1 km long, weighing 1,590 kg and using 340.6 kg copper. The transmission of the same number of conversations by photoconductor cable with a weight of 180 kg per km requires only 30 grams glass; at the same time 1,070 kg lead and high-quality insulating paper are also saved. Other applications include telecommunications, electronic data processing and industrial measuring, control and regulating technology equipment.

Most convincing are the efforts undertaken by the VEB Farm Machine Progress Combine, Neustadt, and using its considerable scientific-technological potential in cooperation with Dresden Technical University and other research facilities. Within an internationally remarkable time the K 453 was developed and produced, enabling the user to raise productivity by 450 percent. The high functional value of this new high-pressure press makes it possible to clear land in the shortest possible time and on agrotechnically most suitable dates. The power-area ratio is substantially greater, the loss of bales distinctly lower. At the same time transport space is much better utilized.

An excellent initiative for the refinement of domestic raw materials, the lowering or replacement of imports and the utilization of the combine effect was developed in the VEB Vehicle Electrics Combine, Ruhla. The combine manufactures built-in headlights with an 180 mm lens opening, using only domestic raw materials. By means of high-vacuum vaporization steel plate is refined with the use of the most modern equipment.

Of particular importance is the management of secondary raw materials. The collection and processing of secondary raw materials and the utilization of all possibilities for processing domestic raw materials and other materials --not least in the production of consumer goods--merits the utmost attention. Highly significant, therefore, are the efforts for improved refinement undertaken by the glass and ceramics industry, the packaging and light industries.

Our agriculture produces and exports lambs. The wool yielded has so far been used only as a filler. A new process was quickly developed under the auspices of the VEB Wool and Silk Combine, and the lambswool is now processed into a fake fur which is suitable for high-quality products (fur clothing).

The VEB Packaging Combine exerts a great deal of influence on the realization of phased production and the finished product, because more than 90 percent of all goods must be packaged. It is necessary, therefore, rationally and --in certain fields--attractively to package a growing volume of goods. Considering the very limited resources in this field, it is necessary by the use of scientific-technological and packaging-effective measures to seek new approaches. In the conditions prevailing in our country improved refinement means above average materials conservation and materials intensity. Great efforts are also made to raise the percentage of waste paper used for mass packaging while safeguarding functional value features, and to produce thinner foil, especially from polymer substances. By using modern technologies the combine will turn out new packaging products, allowing an additional output of 30-50 percent more packaging materials. As much as 580 tons of cartons could be saved by transporting suitable goods without the use of cardboard boxes, byt multiple use and re-use, and by the complete utilization of space especially with regard to goods in mass demand.

The Lausitz Glass Combine, Weisswasser, has also provided evidence that science and technology plus the utilization of the combine effect may improve the refinement of domestic raw materials. In 1980 the combine will begin the refinement of machine-made stemmed glasses by using laser technology to decorate the bowls. This way much greater efficiency will be achieved at declining costs, and the machine produced glasses will have features formerly possible only when goblets were made by hand.

Karl Marx demonstrated that, in the course of the growth of large-scale industry and the development of production "all kinds of formerly unused substances are used up and wastes treated more thriftily."[6] He talked of the "re-transformation of the excrements of production" into new production components, "by which these so-called excrements are returned to the circulation of production,[7] and, therefore, of consumption also--whether productive or individual." At the same time, though, he pointed out--and this shows the great variety of the refinement process--that a major concern is "economy in the production of wastes, in other words the reduction of production excrements to a minimum and direct maximum use of all raw and ancillary materials involved in production achieved."[8] A persuasive example of this assertion is presented by the efforts of the Pulp and Paper Combine, Heidenau. This combine produces AROS [trade mark] paper with a 100 percent waste paper base. A new manufacturing process for AROS paper is replacing 2.7 solid meters of pine per ton.

What should be our conclusions? Raw material and other material refinement is a manysided process. Combines, uniting as they do science, skills, technologies and appropriate production, offer all the necessary conditions. The improved refinement of raw materials and other substances into qualitatively valuable products is a substantive reflection of the rise in efficiency and economic growth in socialism. It is indivisibly linked with the planned perfection of the production structure which also proceeds by the rapid renewal of the product assortment. Especially electronics, scientific apparatus construction and machine tool construction are well above the average, both with regard to quantitative and qualitative growth. These are industries where scientific-technological progress is particularly rapid. It is the prerequisite for such growth that the existing industry operate at the best possible efficiency in order to earn the net income needed.

The improved refinement of raw materials and other materials

.. Is not linked only with the comprehensive mastery of reproduction in the individual combine and its enterprises but also with a higher stage in the cooperation of combines. This confronts the management and planning of the economic reproduction process with great challenges;

.. Must, in conjunction with modern technologies, result in greater export profitability. The break in the refinement process, before the finished produdct comes off the assembly lines, often results in the loss of the best possible foreign trade efficacy;

.. Is--regardless of the industry--determined by the efficacy of live labor, the creative cooperation between scientists, designers, technologists and skilled workers, also of course by the standard of management of the entire reproduction process in the combines. The benefits of socialist production conditions thereby evolve as per plan, and the productive forces develop toward a qualitatively higher standard;

.. Is a profoundly politico-ideological process which requires the full appreciation of the necessity to operate with the greatest possible efficiency. That, however, cannot be achieved at a low level of refinement. It is therefore imperative, particularly in view of the currently far more difficult foreign trade conditions, fully to utilize our domestic raw materials and substances--coupled with the main technological trends of scientific progress. We must move away even more consistently from the old volume ideology and aim at a considerably higher product quality which may be achieved primarily by the greater refinement of raw materials and other materials in conjunction with the improvement of the technological standards of production. The settlement of this fundamental economic issue calls on us substantially to improve the inventive standard, the transfer of scientific-technological knowledge, the utilization of the working peoples educational standards and their cooperative efforts.

In his concluding address at the exchange of experiences in Gera, Comrade Guenter Mittag emphasized the necessity of reconsidering all our work from the standpoint that qualitative changes in technology with profound effects on the economy can be managed only by qualitative changes in the standard of management and organization of all economic operations. That indeed is the meaning of our insistence that the combines must master the innovation processes. The improved refinement of raw materials and other materials is an extensive process calling for the undivided attention of the combines. Involved here is mainly the fact that the ratio of raw material use to the quality of the end product largely decides economic efficiency and, therefore, the development of consumption possibilities, foreign trade efficacy and the opportunities for productive accumulation. The examples cited show that there is a tremendous potential for the refinement of domestic raw materials and raw materials in general. It must be exploited.

FOOTNOTES

1. Erich Honecker, "Die Naechsten Aufgaben der Partei bei der Weiteren Durchsetzung der Beschluesse des IX. Parteitages der SED" [The Coming Tasks of the Party in the Further Implementation of the Ninth SED Congress Resolutions], Dietz Verlag, Berlin 1980, p 35.

2. From the concluding address by Comrade Guenter Mittag, Politburo member and secretary of the SED Central Committee, in: "Mit der Kraft der Kombinate fuer Einen Weiteren Hohen Leistungsanstieg" [With the Power of the Combines for Continued High Production Growth], Dietz Verlag, Berlin 1980, p 39.

3. Karl Marx, "Grundrisse der Kritik der Politischen Oekonomie" [Outlines of the Critique of Political Economics], Dietz Verlag, Berlin 1953, p 312.

4. Karl Marx, "Das Kapital," Vol 1, Marx/Engels, Collected Works, Vol 23, Dietz Verlag, Berlin 1962, p 198.

5. Karl Marx, "Outlines of the Critique...", as before, p 594.

6. Karl Marx, "Das Kapital," Vol III, Marx/Engels, Collected Works, Vol 25, Dietz Verlag, Berlin 1964, p 128.

7. Ibid, pp 89/90.

8. Ibix, p 112.

Need for Management Analysis

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['Management and Performance' feature article by Prof Dr Fritz Haberland, department chief, and Prof Dr Wolfgang Salecker, group chief, Central Institute for Socialist Economic Management, SED Central Committee: "The Economic Comparison--Lever for Production Growth"]

[Text] It has always been a basic feature of socialist economic management to compare one's own performance with the operating results of the most successful collectives, to derive therefrom the inspiration for the improved efficiency of production and to emulate the example of the best. In the very first years of the construction of the Soviet power V.I. Lenin devoted a good deal of attention to the orientation of all producer collectives to the operating methods of the best. He was personally and fully committed to help ensure that examples of successful operations "in raising productivity, the transition to improved technology, the saving of manpower and products" should become models for all. The force of the example results from the fundamental advantage of the socialist society, "because the best example of the organization of production will be accompanied by the inevitable easing of labor and a rise in the volume of supplies for those who carry out this improved organization."[1]

The economic comparison between economic units at the level of the national economy as such can occur only in social orders such as ours where--on the basis of the political power of the working class--the barriers erected by private capitalist ownership of the means of production have been removed. To carry out economic comparisons, measuring our work by the criterion of the best achievements in the scope of the national economy in order to raise the efficiency of social production for the common weal--these are among the prime achievements of the socialist planned economy.

In recent decades many GDR enterprises and work collectives have mobilized important reserves for the national economy by comparison with the best. The changed reproduction and growth conditions of the recent past have challenged the creativity and initiative of the combines and enterprises in the direction of new concepts and obligations. As Comrade Erich Honecker emphasized, "there is increasing understanding for the fact that the pursuit of the main task requires greater production growth, and we have seen growing resolution in terms of a greater personal contribution."[2]

In the qualitatively new stage of our socialist planned economy economic growth in the development of both industry and construction proceeds almost exclusively on the basis of combines. Consequently economic comparisons are increasingly important. They serve the goal of having--if possible--all economic units adjust to the standard of the most progressive ones. The well tried method of enterprise comparison as a source of greater production growth can and must be expanded by economic comparison between the enterprises in a combine and between combines--in industry and beyond. That is a step vital for developing those reserves which really matter for the successful pursuit of the party's economic and social policy. Economic comparison between combines and between combine enterprises is crucial also because earlier development trends in the growth of production and the development of capacity can no longer be accomplished by the methods used earlier. Qualitative changes are needed: Growth must be achieved with the same or lower quantities of energy and raw materials and with a smaller labor force. These trends are reflected in the initiatives of the VEB Iron Production Combine East (energy and materials conservation), VEB Petrochemical Combine, Schwedt ("fewer people produce more"; energy conservation), VEB Potash Combine (energy, fuel conservation), Walter Ulbricht VEB Leuna Works (energy conservation), VEB Light Metal Construction Combine, Leipzig (steel savings amounting to 5 percent). Of fundamental importance for continuing production growth is the study of the experiences gained by these pacemakers in successfully accomplishing qualitatively new tasks and providing the conditions for their transfer to others.

All combines in industry and construction have the same great responsibility; they must carry out largely similar basic economic tasks. Yet there are noticeable differences in economic performances and targets for the coming years. Comrade Guenter Mittag analyzed this as follows: "There are combines which have operated satisfactorily for years and carry on intensively expanded reproduction at a steadily rising level. Others, set up only last year, have not yet effectively used all the reserves arising from the establishment of the combine. It is now imperative for the latter to approach the standards of the former."[3] These differences are by no means due only to "specific" reproduction conditions. On the contrary, on closer scrutiny any appeal to the "special features" of the particular reproduction process, any overemphasis on the specific nature of the particular production, tends to turn out to be unfounded, indeed acts as something of a brake on production growth. "At this time we must see to it that all combines work by the criteria of the best. The rate of adjustment to progressive standards must be speeded up."[4]

The exchange of experiences in Gera persuasively demonstrated the role of economic comparison as a lever for production and efficiency growth. To take just one example: The Building and Industrial Ceramics Combine carried out an economic comparison on the level of productivity with the Cement Combine, the Aggregate and Rock Combine, the Building Component and Fibrous Building Materials Combine, the Technical Building Equipment Combine and the Tile and Sanitary Ceramics Combine. The comparison with the Cement Combine, especially, disclosed the decisive causes of persisting differences. After a careful analysis of the conditions which are at the bottom of the higher standard of productivity in the Cement Combine, those measures were decided, which will enable the Building and Industrial Ceramics Combine to catch up with this advanced standard. The main approach is the organization of complex innovation processes. This achieves significant economic and social effects: A substantial improvement in productivity, manpower savings, the improvement of the functional values of products, reductions in specific energy and materials consumption and far reaching improvements in working conditions. The accomplishment of these tasks is being carefully prepared in the course of the work on the 1981-1985 Five-Year Plan and initiated with the 1981 plan science and technology. As this example demonstrates, an economic comparison between highly specialized combines is quite possible and--used properly--results in significant economic effects.

In Accordance With 1980's Criteria

To make economic comparison between combines and between combine enterprises a normal feature of skilled management it is imperative that managers in combines and enterprises even more thoroughly study the economic processes and their connections, the conditions of the economic laws of socialism operating in intensively expanded reproduction within the scope of a major economic unit. The present and future management and working style in combines and enterprises is largely characterized by the analysis and measurement of internal production growth, the always critical and party-like appraisal of the results actually achieved by the criteria set at the Eleventh Central Committee Plenum, the honest comparison with the performance of satisfactorily operating combines and the resolute efforts to deal with persisting differences in standards. This is necessary by way of the full discharge of the indivisible responsibility of general and enterprise directors for the further development of the national economy's capacity in order to complete the process of adjustment to the performances of the best. In the course of the removal of differences in standards, temporary committees or study groups of organs and institutions outside the combine may certainly provide useful suggestions and indications. However, the strenuous efforts to change the situation in the direction of greater efficiency must and can be provided by the combine itself.

Currently it is a matter of developing production growth, production measurement, production appraisal, production comparison and economic stimulation as a uniform process of the ongoing economic study of the management of the entire reproduction process in combines and enterprises. Economic comparison here serves the consistent enforcement of the performance principle; directly linked to the law of the management of time, the consistent application of this principle is directed to the necessary production growth and distribution by the criteria of the performance achieved.

Following the exchange of experiences in Gera it will now be necessary to organize economic comparison by the combines themselves--though aided by the ministries--and with the aim of making the results of the best combines the social standard in the comprehensive preparation of the Tenth SED Congress.

Using the Lessons of Earlier Comparisons

The disclosure and removal of differences in growth rates and in the development of internal reserves assume the clear and basic ideological attitude of challenging comparison and of accepting the results honestly and without whitewash. To develop and strengthen insight and ideological readiness, always to ensure the unity of comparison, the ascertainment of causes, the exchange of the best experiences and mandatory instructions about changes--this represents a political assignment of the highest priority for the party organizations and senior cadres in combines and enterprises. Every direct confrontation of managers and collectives with the results achieved, the actual demonstration of the combine's or enterprise's status in the accomplishment of important economic and sociopolitical tasks within its industry and the national economy, encourages a climate of competition and the acknowledgment of responsibility for the national economy as a whole, strengthens the socialist consciousness of ownership.

Since 1978 the Ministry for Ore Mining, Metallurgy and Potash, for example, has organized a performance comparison between the combines in these industries --designed to increase the responsibility of combine managements for smooth-flowing and all-round plan fulfillment, purposeful overfulfillment of selected plan targets and, therefore, emulation of the operating results of the best. The criteria and indices used direct the initiative of the collectives within the scope of the socialist competition largely to the satisfaction of the needs of consumer branches and the public, the greatest possible profitability of export and import relations, of production altogether, by the most effective use of the results of scientific-technological advances. The fulfillment of the indices is recorded monthly or quarterly. The performance comparison of these industries measures and evaluates the accomplishment of the annual plan assignments; consequently it serves primarily to disclose differences in standards during that particular plan period. Subsequently technical departments in the ministry, in close cooperation with the combines, examine the deeper causes of the differences noted. They are then reported by the minister in the course of semi-annual conferences with representatives of state management organs, the party organizations and labor unions of the combines and combine enterprises, and measures are adopted to adjust all combines to the performance of the best. The criteria or indices of the performance comparison occupy an important place in the discussion of the development problems of combines the general directors report to the minister.

In the electrical engineering and electronics industry performance comparison in six branch groups and within combines and enterprises has largely contributed to smooth-flowing plan fulfillment, the purposeful overfulfillment of plan targets and the settlement of key issues--such as the improvement of quality. Good results were achieved in particular by the combines Robotron, Carl Zeiss (Jena), Micro Electronics, NARVA and Vehicle Electrics (Ruhla).

The chemical industry also can point to remarkable findings and results. The parent enterprise of the Petrochemical Combine, Schwedt, for example, compares itself with the Boehlen and Zeitz combine enterprises and the Leuna Works in order to improve the exploitation parameters in crude oil processing and to conserve energy. The Nitrogen Works, Piesteritz, the Schwedt parent enterprise of the Petrochemicals Combine, the Leuna Works and the Chemical Combine, Bitterfeld, are carrying out a comparison for lowering costs and improving the quality of selected items of nitrogen fertilizer production. Earlier experiences have led to the conclusion that economic comparison should initially be oriented to rates of increase or reduction, to specific groups of indices. Indispensable subsequently is the thorough and comprehensive analysis of material-technical (including technological and organizational) conditions, the skill structure and the working conditions of the working people. It needs this procedure to find the specific causes of the differences in performance recorded in the indices. The comparison must therefore always advance from indices to processes and the actual circumstances prevailing in reproduction. Only then is it possible to arrive at conclusions for changes in the internal reproduction process aimed at greater efficiency. We have also seen that the efficacy of performance comparison is greatly affected by the construction and consistent pursuit of a system of progressive technical-economic standards and normatives.

Analysis--Important Prerequisite for Comparison

The further expansion of economic comparisons by the new criteria requires the reinforcement of analytical work at all management levels. It is necessary

.. To ascertain those economic units which generally or in specific areas are to be considered progressive and distinguished by the growth of production and efficiency. It is vital here to find and use the politically and economically correct criteria in order to be able properly to record, measure and appraise production growth and efficiency improvements from the aspect of the national economy. Particularly important is the criterion of above average rates of increase or reduction--for example the rise in productivity and net production, the reduction of specific materials and energy consumption.

.. To isolate those performance parameters which precisely define the differences in the standard of performance;

.. To decide the starting or key points for actual comparisons;

.. To disclose the cause-and-effect connections in order subsequently to initiate effective measures for adjustment to the standard of the more progressive units. It is therefore vital even at the beginning of the analysis to search for the causes of differences.

The method of the analytical preparation of the economic comparison is largely determined by the specific tasks of the management level which is conducting it. The economic comparison of all combines in the national economy of the GDR at central level presumes an anlytical base emphasizing especially the first two of the above requirements. The economic comparison of combines in the competence of one ministry, on the other hand, must include the ascertainment of specific starting or key points for purposeful comparison between combines. This task moves even more into the foreground when enterprises of a combine are the subject of the comparison--and the same applies at the level of kreises and bezirks. Tried and tested methods of enterprise analysis and process analysis are to be used for the analytical preparation and conduct of the economic comparison. The computer equipment of most combines allows for this analytical work to be done by the use of mathematical-statistical procedures and, at the same time, keeps the cost cf data within justifiable limits.

It is one of the major problems of analyses to draft and use quantifiable criteria or indices for the economic comparison. Here a great deal remains to be done. These criteria or indices must be suitable for an advance to the causes of the differences in standards. They should also be considered in close connection with performance measurement and appraisal. In the initial stage and as the starting point for a more thorough exploration of causes, the economic comparison might be directed to the following criteria or indices:

The development of important performance indices;

The improvement of productivity;

The improvement of export efficiency;

The improvement of the technical-economic and organizational standard of production;

The improvement of material and energy management;

The improvement of basic asset and investment management;

The use of the social labor capacity including the percentage of management and administrative personnel in the total of blue and white collar workers;

The improvement of the working and living conditions of the working people;

The development of prime costs and profitability, including management and administrative costs, per M100 goods production;

Growth ratios such as the ratio of the improvement of productivity and the growth of goods production, in consideration of the standard achieved.

The comparison will have the intended effect only if the investigation of the material-technical and economic processes, manpower and financial conditions also extends to the management and planning methods involved, including the specific types of participation by the working people in the management of the economic processes. We have seen, for example, that the principled approach by the general directors of the Carl Zeiss Combine, Jena, the Herbert Warnke Forming Equipment Combine, Erfurt, Fritz Heckert Combine, Karl Marx Stadt, Walter Ulbricht Leuna Works, and others display many features suitable for generalization and may be adopted by other combines also.

As we are not able to choose the criteria, it is indispensable for us meaningfully to employ international comparisons--especially with regard to science and technology, including the organization of technology and production. To cite an example: The traditional "friendship smelters" have yielded valuable clues for the improvement of the scientific-technological and economic standard of production in GDR and USSR metallurgy.

Many experiences remain to be gathered for the most efficient preparation, conduct and appraisal of the economic comparison. Already it appears important to initially concentrate on just a few main indices and key issues--if at all possible their development in the course of several years. It is always imperative thoroughly to study the issues involved to be able to answer the question how and in what reproduction conditions the partner in the comparison succeeded in achieving better production and efficiency growth. Finally, when measuring and appraising differences in standards we must note the stage of the reproduction cycle achieved by the combine or combine enterprise. Depending on whether now and in the near future a rationalization investment carried out a few years ago will take full economic effect, or whether a process of comprehensive reconstruction is just now beginning, we may expect decisive effects on reproduction and--consequently--growth conditions.

The Perfection of Comprehensive Appraisals

The development of the performance of a combine and enterprise must always be comprehensively measured, judged and correctly evaluated from the aspect of the national economy. The focus is represented by the indices of industrial goods production, net production and basic material costs per M100 goods production. These main indices must be used in connection with other and qualitative indices, such as the improvement of productivity and export profitability, the reduction of prime costs and the earning of high net profits, the percentage of goods awarded the "Q" quality mark, the assurance of contract-appropriate production. This really reveals the extent to which the results are due to own performances and the use of qualitative growth factors, and how they coincide with economic requirements and interests. These criteria or indices are therefore the basic equipment for the economic comparison of economic units also.

Of fundamental importance again for the practical efficacy of the economic comparison is consideration of the differences arising from economic requirements and interests in specific performance criteria for the various industries and production lines. To take one example: When comparing and assessing performance in the energy industry we must make sure that only that volume of energy, long-distance heat and gas is produced, which--in consideration of the strictest thrift--meets the needs of the economy and the public. For that reason we cannot make overfulfillment of the planned production targets the criterion for the economic comparison and the assessment of the energy industry's performance; instead we must take into account the most reliable possible supply for the economy and the public, coupled with the most rational use of our resources.

In general the comprehensive appraisal of performance development calls for the juxtaposition of several performance criteria or indices. We often note that a combine ranks high with regard to some indices but records inferior performances for others. Even economic units which must be judged highly efficient and achieve exmplary results with respect to some main indices may be faulted in some specific fields. No economic unit is so perfect as not to be able to learn from others and record improvements. The economic comparison therefore has another important function: To cause the progressive combines constantly and critically to analyze the course and the results of their reproduction process and to remove weaknesses so as further to improve the total ratio of expenditure and profit. One of the indispensable prerequisites for the good analytical preparation of the economic comparison are periodical statistics, that is figures for--if possible

--5-10 years with reference to the most important performance, profit and expenditure indices. In the majority of combines data could already be stored in the computers, provided the management properly directs the computer center.

Increasing importance will rest with those analytical procedures which serve the investigation of prime causes, for instance factor analyses which are immediately relevant to the planning and reporting of performance and efficiency development and allow the measurement of relations between extensive and intensive development by way of production growth. Here we must be concerned mainly with demonstrating the connections between intensification factors and indicating development trends.

The transfer of knowledge gained from the economic comparison to plan-effective measures, to base the standard of socialist management in one's own competence on the achievements of the best in conditions allowing for such reproduction--that is a challenge to the standard of management. The preparation of targets and tasks for developing the conditions for the adoption of the best performances represents challenging scientific work. As a rule it can be successfully handled only by way of the cooperative efforts of managers, specialists, skilled workers and innovators. The struggle for overcoming differences in standards must be reflected in the plan. That needs thorough conceptual preparation--coordinated in good time with the main cooperation partners.

Economic comparison compels us in particular to focus on these issues: The planning of science and technology, socialist rationalization and the innovator movement. When adjusting to the standard of the best we must be sure to impose strong obligations, not leave the adoption of the best experiences to personal judgment or caprice. It seems appropriate, therefore, to draft state assignments, especially for highly effective measures to be transferred. On the lines of the duty books the general and enterprise directors will thus establish the economic parameters and social conditions as obligations to become plan effective.

The implementation of targets and tasks derived from economic comparisons is much encouraged if the work collectives identify with the progress changes, if they assume collective or personal contributions--for example within the framework of a "personal plan Offer" by way of "notes on the plan." To use the experiences of the best it is therefore imperative to include in the programs of party organizations and the socialist competition those key points which arise from performance comparison, thereby effectively stimulating the accomplishment of the tasks from the material and moral aspect.

FOOTNOTES

1. V.I. Lenin, Original draft of the article "The Coming Tasks of the Soviet Power, Collected Works, Vol 27, Dietz Verlag, Berlin 1962, p 195.

2. "Aus dem Bericht des Politburo an die 11. Tagung des ZK der SED. Berichterstatter: Genosse Erich Honecker" [From the Politburo Report to the Eleventh SED Central Committee Plenum. Reporter: Comrade Erich Honecker], Dietz Verlag, Berlin 1979, p 34.

3. Guenter Mittag, "Socialist Planned Economy--A Dynamic Process of Steady Perfection," EINHEIT No 4/1980, p 354.

4. Erich Honecker, "Die Naechsten Aufgaben der Partei bei der Weiteren Durchfuehrung der Beschluesse des IX. Parteitages der SED" [The Coming Tasks of the Party in the Further Implementation of the Ninth SED Congress Resolutions], Dietz Verlag, Berlin 1980, p 42.

Book Reviews

East Berlin EINHEIT in German Vol 35 No 6, Jun 80 signed to press 12 May 80 pp 601-602

['Management and Performance' feature article by Dr Helmut Schoen, economist, political researcher, SED Central Committee: "Worth Reading." The author reviews the following three books, published by Dietz Verlag, East Berlin: 1) "Mit der Kraft der Kombinate fuer weiteren hohen Leistungsanstieg" [With the Power of the Combines for Continued High Production Growth), 1980; 2) "Grundfragen der sozialistischen Wirtschaftsfuehrung" (Basic Questions of Socialist Economic Management), 1979; and 3) "Verantwortung und Arbeitsweise des Leiters" (The Manager's Responsibility and Work Method), 1979]

[Text] Economic production growth can no longer be organized with the means and methods of the 1970's. As the Central Committee explicitly stated, present possibilities are different, and so are the challenges. The GDR economy, in particular industry with combines as the basic management units, currently has available a material-technical and intellectual potential which enables us to aspire to advanced scientific-technological achievements and effectively utilize them. The best proof is supplied by such combines as Carl Zeiss, Jena, Herbert Warnke Forming Equipment, Erfurt, Robotron, Walter Ulbricht Leuna Works and Fritz Heckert, Karl Marx Stadt. We must learn from their experiences in order to guarantee that production growth in all combines should meet the requirements.

This goal was served by the 3-day exchange of experiences in Gera between the SED Central Committee and the general directors of combines and party organizers of the central committees. The address by Comrade Guenter Mittag dealt with the further production growth required and, to that end, he cogently and comprehensively explained the total economic conception of our party in its interrelations and unity with social policy. This speech and the contributions to the discussion, which represent a treasury of experiences, have now been made available in a brochure published by Dietz Verlag.

"With the Power of the Combines for Continued High Production Growth"

The brochure provides an insight into the economic and sociopolitical interrelations of our time as well as specific directives for future action. It raises the question of the connection between quality production and the greatest possible efficiency as well as the manager's ability politically to deal with economic tasks. It shows up precise approaches for effectively using the scientific-technological potential for the greatest possible production growth, the largest volume of qualitatively valuable products and the appropriate growth in value. Outstanding achievements with regard to materials management, energy conservation and the development of mass initiatives generally inspire further thought and the desire to transfer the experiences of the best, taking into account the conditions of the internal reproduction process. Moreover, the experiences recorded in this brochure clearly show that only the comprehensive management of the reproduction process in the combines is able to promote the greatest possible dynamism in developments which meet the needs, and it offer specific suggestions how to proceed.

Comrade Guenter Mittag emphasizes that for managers to arrive at personal conclusions from the major exchange of experiences means "politically to manage the accomplishment of economic tasks. That begins with the uncompromising orientation to the party resolutions and, at the same time, includes the profound appreciation of science and the application of all modern management methods." (p 18)

Satisfactorily to meet this requirement the manager also has helpful material at his disposal, that is the series "Schriften zur Sozialistischen Wirtschaftsfuehrung" [Writings on Socialist Economic Management], published by the Central Institute for Socialist Economic Management at the SED Central Committee. In the course of many years the institute has forged links between science and its practical application; this series thus very definitely responds to the need quickly to make accessible sound and practical findings to those holding management responsibilities in the economy.

"Basic Questions of Socialist Economic Management"

Among the latest publications in this series is the title "Basic Questions of Socialist Economic Management," prepared by a collective led by Gerd Friedrich, Helmut Koziolek, Willi Land and Hans Stuerz, which deals in particular with management issues from the standpoint of the national economy. From the aspect of the greater requirements arising especially from changed external conditions, the necessity and content of the consistent perfection of management are explained with the aim of achieving greater production growth in the national economy. With sound arguments the authors propound the necessity for the use of modern methods of socialist management, which aim at contributing to a long-term stable and advanced growth in the national income. "A long-term stable growth in the national income is the decisive condition for securing and further developing the standard achieved in need satisfaction, for expanding the non-producing sectors and guaranteeing the necessary accumulation for the further organization of the material-technical base." (p 17) Consistent conclusions are derived therefrom for the extensive utilization of the qualitative factors of economic growth in the continuing work of the combines. Quoting many specific examples the authors show very clearly the wide extent of the reserves still remaining to be developed here, and how this can be done to the most promising effect.

The approaches described here also reinforce the knowledge persuasively conveyed in the exchange of experience at Gera--that everything must be done to organize the political management of economic processes on the basis of scientific methods, in accordance with the experiences of the best combines.

"The Manager's Responsibility and Work Method"

The political and technical aspects of the improvement of the manager's work are even more thoroughly explored in the book "The Manager's Responsibility and Work Method," prepared by a collective of authors headed by Rudolf Gerisch.

This publication is based on studies concerning the work method of combine and enterprise directors. Conclusions for the efficient cooperation of all elements of the management system in enterprises and combines are drawn from the specific forms and methods used by actual managers. It is shown that the unity of politics, ideology and economics does not admit a division of labor which allots responsibility for management only to the manager and for ideology and politics only to the party organization. Instead we must be concerned with skilled political management which affects the initiative of the working people by the economic understanding and the sense of responsibility of the managers. "Managers and party functionaries in enterprises and combines use different methods for together accomplishing the implementation of the party resolutions as reflected in the many efforts to fulfill and purposefully overfulfill the plan." (p 37)

Though this book is preoccupied with the work of combine and enterprise directors, it holds a great deal of practical interest for a much wider readership, especially reserve and junior cadres, because it is clearly relevant to all management with regard to economic targets.

The book emphasizes the responsibility of combines for their entire reproduction process. To meet this responsibility, comprehensive analytical work and forecasts have become indispensable. Qualitative changes in technology and economics can be dealt with only by virtue of qualitative changes in management and organization at all levels, directed at the comprehensive intensification of the reproduction process. The books reviewed here offer help and suggestions how to apply modern management methods in the politically responsible work of the manager.

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CONSTRUCTION MINISTER DISCUSSES COMING CONFERENCE

East Berlin NEUES DEUTSCHLAND in German 25 Mar 80 p 3

[Interview by Hans Rehfeldt, NEUES DEUTSCHLAND, with Wolfgang Junker, SED Central Committee member and Minister for Construction: "Good Balance and New Standards for the Eighties; General Theme of the Seventh Construction Conference: Maximum Efficiency in Construction; Basic Five-Year-Plan Goals of Industrial and Housing Construction Fulfilled Proportionately; New Initiatives for Strengthening the Economic Capacity of Our Republic"]

[Text] [Question] Comrade Minister, on 19 and 20 June 1980, the Seventh Construction Conference of the SED Central Committee and the Council of Ministers will be held in the capital city of Berlin. What is the significance of this conference?

[Answer] At the 11th session of the Central Committee, the secretary general of the SED Central Committee, Comrade Erich Honecker, expressly pointed out that the construction industry and its productive capacity is of great importance for the consolidation of the material-technical basis of the national economy and for the housing construction program, the nucleus of our social policy. This is reaffirmed by the convening of the Seventh Construction Conference. We will examine the way the resolutions of the Ninth Party Congress have been implemented and discuss in what way the construction industry can better meet the new and markedly higher requirements.

Thus the primary objective is to insure that on all levels the construction workers responsibly discharge their duties so as to increase the effectiveness and quality of the investments and of the construction work and to boost the GDR's economic capacity.

To accomplish this it is imperative that we generate in the entire construction industry that rationalization drive which must more than ever be made to take effect in the national economy as a whole. Even now, this much is clear: We must be even more consistent in concentrating on the primary objective--intensification--so as to be able markedly to improve the input-output ratio.

643,904 Apartments Made Available

[Question] The Sixth Construction Conference took place in the spring of 1975. Since then, have the republic's builders achieved any significant results?

[Answer] I would like expressly to point out here that the construction workers, foremen, engineers, economists, architects and scientists have shown great zest and personal commitment in helping to insure successful implementation of the resolutions adopted at the Ninth SED Congress. So far, all of the basic five-year-plan goals have been fulfilled proportionately. Housing construction is a good example. From 1976 to 1979, 643,904 apartments--439,181 of which were new apartments and 204,723, modernized units--were made available to the population. Likewise, in regard to large-scale social projects such as schools, gymnasia and facilities for children, the progress made is obvious to all. Only recently, on the occasion of the topping-out ceremony for the sports and recreation center of the GDR capital, Berlin, comrade Erich Honecker stated: "This is reflected most impressively in Berlin, the GDR capital. Thanks to the industry of the builders from Berlin and the entire republic, the volume of housing construction in our capital has since 1971 increased by more than 100 percent. For approximately 250,000 Berlin citizens, housing conditions have been markedly improved."

The same goes for the development of the material-technical basis of our national economy, since the productive capacity and the scientific-technological level have steadily been raised year after year. Thus, the mechanization of construction work has been continued consistently and successfully. At present, we have at our disposal nearly M 18 billion worth of capital goods, i.e. an average of M 49,800 worth of machinery and equipment per production worker. This represents an increase of almost 140 percent since the Sixth Construction Conference. Assembly of prefabricated elements presently accounts for 95 percent of the housing construction volume, and modernization work has undergone further technological improvement. The mechanization level has been further raised in industrial construction as well.

Of great significance in regard to the accomplishment of present and future tasks is the fact that the economic development of the construction sector is almost entirely based on the combines. We have established efficient industrial and special construction combines as well as housing and underground construction combines.

We have been directing special attention to the expansion of the construction engineering capacities and of the GDR construction academy in particular. The Academy presently owns approximately M 120 million worth of fixed assets, which include advanced facilities for testing new scientific-technological solutions for the construction industry. At present, the Academy employs 3,700 scientists and staff members. In addition, there are the expanded research, technological and planning capacities, including the independent construction of means of rationalization in the combines. All in all, these are large intellectual capacities; according to Marx, they are "the most dependable form of wealth"--of course only if we fully utilize them.

Productivity the Key Problem

[Question] So one can say that the capacities of the construction sector are generally well developed. What is being done to insure a more economical management of these assets?

[Answer] This question will be answered in detail at the Construction Conference. In the future, our socialist building industry will show greater consistency and put greater emphasis on the qualitative factors in regard to capacity increases. Among other things, I am thinking here of problems such as the rapid assimilation of new scientific findings, but also of ways of improving the utilization of basic assets and working time and of reducing production input. In trustful collaboration with the collectives, we will utilize more rapidly and extensively our efficiency potential. The 11th Central Committee session emphasized that today it is no longer sufficient to measure our performance merely against the level of the preceding year or against input. Unequivocally, it was stated: The only criterion is the result!

[Question] At this point, before the Seventh Construction Conference, what do you consider the most important prerequisite for further raising the scientific-technological level?

[Answer] Considering just the plan fulfillment for this year, the key problem is further to increase labor productivity. Experience has shown that a more extensive employment of established as well as advanced technological processes is important in this respect. If we are able more rapidly to make available the experience and results obtained so far, we will not only effect sizable working time reductions; we will also make the work of the construction workers easier and more interesting.

As I pointed out at the 11th Central Committee session, the ministry--in collaboration with the construction- and wood-workers union--is making greater use of efficiency comparisons, e.g. between the housing and underground construction combines, so as to be able to establish optimal quotas as obligatory targets for all. At the Construction Conference, we will therefore have to look into ways of markedly raising in all combines the level of technological work and of flow-line construction work in particular. There have been some promising first result in this regard, e.g. in the reconstruction work in the Bitterfeld Chemical Combine, in the installation of automated lines at construction projects using cast-in-situ concrete, and in the use of microelectronics in the Light Metal Construction Combine. However, regardless of the significance of individual excellent examples, it is the overall technological improvements in the construction sector that are of crucial importance.

[Question] In the construction sector, more and more emphasis is placed on energy economy. What are the immediate tasks in this regard?

[Answer] This will be a point of main emphasis during the preparations for the conference, for efficient energy use is of crucial importance for the growth of our national economy. All combines and enterprises must take this development into consideration.

Energy Consumption Must Be Reduced

The building industry must make a significant contribution to the reduction of the large share of space heating (approximately 35 percent of the total energy consumption in our republic). I consider this an important task of the scientists and project planners, but also of the city planners and of the builders themselves. The objective is to improve thermal insulation and to insure efficient construction on a high qualitative level and precise regulation of the heating systems in buildings and installations. In the residential, social and industrial construction and modernization projects, the energy consumption for heating, ventilation and lighting is to be reduced by at least 30 percent, as compared to the present consumption levels.

A mere 1-percent savings of primary energy used for heating residential housing will yield savings of approximately 600,000 tons of brown coal, i.e. the equivalent of the daily output of all of the republic's brown coal open-pit mines. This testifies to the importance of this task. As a first step, we must by 1985 save over 4 million tons of brown coal--naturally, without any reductions in the heat available for the buildings. Through application of scientific-technological findings, we want to insure that by the end of the year our present brown coal input for the heating of new buildings will be reduced by 1 million tons.

Improved Utilization of Material Assets

[Question] Does not the solution of such processes necessitate a much higher degree of cooperation between the construction industry and other sectors of the economy?

[Answer] Of course. For example, in collaboration with microelectronics experts, we will see to it that this effective technology is used in central monitoring and control systems in the heating installations of building complexes. We are also planning gradually to equip with thermostats existing residential and social complexes; such projects will automatically lead to closer cooperation with many industrial sectors and scientific disciplines.

[Question] The construction industry's share of the GDR's overall material consumption amounts to 12 percent; thus the building industry is one of the biggest material consumers of our national economy. So we would like to raise one more question in this connection: What are the current ideas regarding improvements in material economy?

[Answer] In order to establish the material preconditions for meeting the construction targets, we must obtain through material economy over 50 percent of the building materials needed for the production increases planned. That is to say: The specific consumption must decidedly be reduced. This will not be easy, but the most advanced scientific-technological findings, the strict observance of the material consumption norms and the experience of the best workers are the basic criteria here. Most importantly, the construction engineering experts must in much greater measure help to reduce the specific material input and improve the utilization of the materials available. Moreover, it will be necessary to substitute--on a much larger scale than before--domestic raw materials for expensive imported materials; in road building, for example, bitumen should be replaced by concrete.

[Question] In connection with improved labor efficiency, how important is the cost factor in the construction sector?

[Answer] Analyses have shown that in many instances the cost reduction targets in the construction sector were not met. Thus this will be a primary concern in our struggle for a high level of efficiency. Above all, it is necessary to improve the efficiency of research work in this field. As regards the actual construction work, it is necessary fully to meet the planned parameters of new projects and to insure continuous production flow. All of this will have a great effect on cost reduction. In many places, one still finds disorganization and waste in regard to material management and energy and fuel consumption, all of which results in increased costs. Moreover, the share of refinishing work--resulting from faulty construction work--is still too high. For all of these reasons, we consider cost reduction the primary criterion in regard to the level of production. Consequently, in preparation for the Construction Conference, cost reduction programs are being drawn up in all combines and enterprises.

Our Contribution: Exceed the Plan Targets for 1980

[Question] For the enterprise and construction collectives, what would be the best way of preparing for the Construction Conference?

[Answer] In January, all of the construction collectives--guided by the resolutions adopted at the 11th Central Committee session--formulated high competition objectives for 1980. I am thinking here of the collective of the Cottbus Housing Construction Combine, of the Riesa industrial construction workers and of the Karsdorf cement workers, to quote just a few examples.

At present, the most urgent task is the conscientious fulfillment of these commitments. The combine and enterprise managers and the trade union organizations now must create all the conditions necessary for the full development of the creative initiative of the workers and engineers. By the end of June, we want to have carried out over 49 percent of the construction volume targeted for this year. An important contribution toward this goal is the overfulfillment of the production plan for 1980 by up to two daily production quotas, without drawing on any additional material assets.

Thus we will be creating a solid foundation for the much higher targets set by the next five-year plan for the period from 1981 to 1985, and at the Construction Conference we will map out the best ways of attaining them. We are convinced that the Seventh Construction Conference will stimulate the builders to help prepare for the 10th SED Congress through outstanding work performance.

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ROUNDTABLE AGRICULTURAL DISCUSSION HELD IN SCHWERIN BEZIRK

Schwerin SCHWERINER VOLKSZEITUNG in German 13 May 80 p 4

[Roundtable discussion in which questions were asked by propagandists and agitators of LPGs (P) and (T) in Zarrentin, LPG (T) in Valluhn-Gallin, LPG (T) in Bantin, and LPG (T) in Kogel on the theme "The SED's Program for Further Development of Socialist Agriculture" as the midpoint of a forum on the party study year, with the Party Management of the Plant Production LPG in Zarrentin as the host; the questions were answered by Walter Schulz, director, Agricultural Policy Department, Schwerin Bezirk Management of the SED, the Lothar Petzsch, director, Animal Production Sector, Agriculture Department, Bezirk Council; SCHWERINER VOLKSZEITUNG was represented by Ingeborg Blank and Willi Klar: "Steady Supply Is Still the Most Important Task"; Responsibility of the Partners for High Production Is Indivisible; Also Follow the Plan With Regard to Costs"]

> [Text] "The SED's agricultural policy pursues two closely related objectives: Raising systematically the productivity of agricultural and foodstuffs production to secure a reliable and ever increasing supply of high quality foodstuffs for the population and raw materials for industry. Improving the standard of living in villages by the gradual elimination of basic differences which exist between villages and cities with the view of achieving equality."
>
> SED Program, page 30.
>
> "The goal in animal production is to fulfill on a daily basis the tasks planned for this year with the existing livestock by the rational use of feeds. The key objective of socialist competitions is the efficient utilization of available feeds. The disproportionately high losses of animals in some bezirks and kreises must be radically reduced by proper management and care. The

> effort to improve results in animal husbandry must be intensified. More livestock must be raised on pastureland wherever conditions permit."
>
> Excerpt from Erich Honecker's
> report presented at a conference
> of the SED Central Committee
> Secretariat with first secretaries
> of the Kreis Management, page 55.
>
> "Also in agriculture capital investments must be better used for the purpose of intensification, rationalization and reconstruction. Construction expenditures and construction times must be markedly reduced. LPGs and VEGs must strive to reduce working times and alleviate hard physical labor by rationalization and reconstruction. This applies especially to animal production."
>
> Excerpt from Erich Honecker's report
> at the conference of the SED Central
> Committee secretariat with first
> secretaries of the Kreis Managements,
> page 55.

Question: What is agriculture's responsibility in fulfilling its main task?

Walter Schulz, director, Agricultural Policy Department, Schwerin Bizerk Management of the SED: Based on the unity of economic and social policy the responsibility of agriculture for the fulfillment of our party's overall policy objectives can be summarized in four points:

First. As the 11th Central Committee Plenum has reiterated, agriculture's most important task is to secure a stable supply of foodstuffs for the population and raw materials for industry increasingly from domestic production. Today it can be said that excepting for cereals and some fruits and vegetables our republic has for many years been able to feed the population from domestic production. Currently our agriculture provides 91.3 percent of all foodstuffs in spite of the fact that in recent years food consumption, for example of meat, fruits and vegetables, has increased considerably and keeps on rising. Per capita meat consumption in our republic, for example, which 30 years ago was 22.1 kg almost tripled to 66.1 kg in 1970 and rose further to 86.3 kg in 1978.

Second. Agriculture and forestry are known key producers of raw materials; 67.5 percent of our republic's primary raw materials come directly from our soil. When the soil is properly fertilized and tilled then soil ferility can be further increased. The raw materials which are in short supply in the republic, the rising expenditures needed to increase their supply or import them lend biological production of raw materials key importance.

Third. In fulfilling our tasks in agriculture we can increasingly rely on ever closer cooperation with fraternal socialist countries, especially with the Soviet Union.

But on the other hand, our socialist agriculture--especially the scientific institutes and installations and the agricultural machine industry--carry increasing responsibility for the fulfillment of agricultural tasks in the Soviet Union and in other socialist countries based on division of labor and specialization within CEMA.

Fourth. Cooperative farmers and workers employed in agriculture and the foodstuffs industry carry great and increasing responsibility in the class struggle against imperialism. Leading American politicians and ideologists admitted openly long ago that they were unscrupulously using food as a political and economic weapon in their foreign policy to secure high profits for monopolies.

Each additional ton of cereals or foodstuffs produced strengthens our republic or enables us to help new developing countries pursue policies which are in the interest of their peoples and foil the warmongering and inhuman designs of the imperialists.

Karlfried Apel, party secretary and cadre leader at the Zarrentin LPG (P): Comrade Schulz spoke about agriculture's responsible position in our party's overall policy. We are guided by this responsibility as an SED basic organization and the thrust of our political and ideological work is directed primarily at explaining to every cooperative farmer why such a high increase in output is needed. Therefore, as a basic organization we have adopted the fulfillment and overfulfillment of the pledged program as our goal. How this is to be achieved is set down as an obligation in the action of our party organization.

Alois Bojago, chairman of the Zarrentin LPG (T): Not everybody has unequivocally accepted the necessity of increasing output. There are thos who say that such exhortations will have to end some time, pointing out that our production has more than doubled since 1970, yet we keep setting ourselves ever new higher goals--and are meeting them.

The 1980 plan provides for a milk production increase to 102 percent, beef to 125.5 percent and pork to 115 percent. The raising of calves is to be markedly improved, production of heifers is to rise to 103 percent, wool production to 117.6 percent.

The results of the first quarter must be convincing to all skeptics: beef production, for example, has risen to 103 percent, pork production to as high as 140 percent. These are results which prove that all hidden reserves are not exhausted yet.

Walter Fink, chairman of the Zarrentin LPG (P): If we are to meet the demands of the 11th Central Committee Plenum and prepare for the 10th SED Congress, which we intend to, then we must mobilize all reserves. Better exploitation of pastureland which constitutes 28 percent of all agricultural land has great potential. What with the Boize soil improvement work now in progress and a number of follow-up measures in the territory amounting to more than 1,000 hectares, a 30- to 40-percent increase in yields can be expected. It is natural that improved fodder quality will accompany this increase in yield. Intensified feed production will enable us at the same time to raise cereal production.

Heinrich Klockmann, production manager of the Valluhn-Gallin LPG (T): While we have achieved incontestable results in recent years I have, nevertheless, found progress too slow. In our LPG we have had better results in the past, especially with regard to milk production. We have not yet adequately succeeded in coordinating specialized crop with animal production in the LPG in all cases.

We need to ask ourselves how efficient our production really is and find the appropriate answer: The issue is to increase production and reduce expenditures. What is clear is that the cost of animal production in the LPGs is still frequently too high and the party's and government's call for more efficient production is fully justified in the case of the animal production LPG in our sector. And this calls for sharper calculations in the entire territory. We must never let the cost and benefit ratio out of sight and try for a higher bottom line figure.

Gerhard Butschies, party secretary and animal husbandry brigade leader at the Bantin LPG (T): We too make an everyday effort to fulfill the plan and use feed efficiently. And in the first four months of the year we have also succeeded safe in the case of milk where we are about 10,000 kilograms short.

Many LPG's in our Hagenow Kreis are trying to get an additional half kilogram milk out of each cow and we are doing the same. Our feed committee discusses milk production every week and decides on appropriate measures and that is a good beginning.

Question: What hidden resources can be mobilized to raise the output of our agriculture?

Walter Schulz, director, Agricultural Policy Department, Schwerin Bizerk Management of the SED: Hidden resources undoubtedly exist in every LPG, VEG and in every cooperative, even though their extent may differ.

The identification of these resources requires analyzing the specific situation in every enterprise and the introduction of appropriate measures. From the viewpoint of the bezirk it can be said generally that such resources could be exploited rather quickly if:

1. In many places party organizations and managements would pay greater attention to political work with cooperative farmers and workers, competitions, permanent work brigades and democratic procedures in cooperatives.

How the mechanizor, the milker, the work brigade use the fields and especially the soil, animals and machines to achieve the necessary increase in yield will depend to a large degree on the executive committees and managements.

2. The hidden resources in the mandatory application of the experiences of the best workers and the use of science and technology are used to overcome the great differences in output and level of efficiency in the various LPGs.

Here the councils in the kreises established to provide comparative data on productivity carry a heavy responsibility. In short: the issue is to enhance further intensification and rationalization of agricultural production which is unthinkable without close cooperation of the crop and animal production LPGs and VEGs and other cooperative partners.

Gerhard Butschies, party secretary and animal husbandry brigade leader of the Bantin LPG (T): To us our well functioning feed committee is proof of the fruitful cooperation between crop and animal production. The committee has dealt at length both with improving the pastureland economy and using pastureland to better effect and the first signs of progress are already visible.

But we must not look only at production but mainly at the conditions and costs of production. In addition, to use energy to better effect, I would advise to feed directly the straw and the additives which hitherto went into making straw pellets.

Walter Schulz: I fully concur with the comments made by Comrade Gerhard Batschies concerning the need of paying greater attention to the cost-benefit ratio. Also the straw pelletizing example demonstrates that many procedures need to be reevaluated in the light of the need for energy conservation, even though high quality staw pellets have found a permanent place as a desirable type of feed in many LPGs.

Obviously, using soil efficiently and increasing soil fertility constitute the key avenues to achieving high and stable yields in crop and animal production. This is the vital problem in our kreis.

Every party organization in agriculture should use the current preparation of long-term programs to improve the exploitation of soil, introduce comprehensive yield intensification measures, use efficiently every square meter of soil during the entire vegetative period and insure high quality of all soil preparation, tilling and harvesting operations. Cursory inspection revealed that in recent years as a result of suboptimal cultivation of root crops in the bezirk 10,000 hectares of valuable land were wasted. Untilled stacking sites, redundant double access roads and small areas are also being wasted. Party organizations anywhere must no longer tolerate such conditions.

Comparing yields from similar sites will demonstrate the necessity of paying attention in all political work to these questions concerning the soil, the quality of soil cultivation and of abiding by the agrotechnically correct schedules for the various operations. The LPG Platte, for example, harvested at its D. location 25.8 tons of grain while the Ganzlin KAP harvested only 18.3 tons at the same location. The differences in yields of all crops which are being harvested in the various locations put the existing possibilities of raising yields into sharp focus.

The largest reserves in animal production--as the Bezirk management meeting held on 9 April again revealed--are in the potential of raising animal production by improved utilization of feed by the animals, in animal husbandry and care for livestock and in markedly improved breeding.

Question: In what direction is agricultural production developing in our bezirk?

Lothar Petzsch, director, Animal Production Sector, Agriculture Department, Bezirk Council: Several comrades have already correctly pointed out that increases in output constitute only one aspect of the main problem of achieving the necessary increase in production; the other aspect is, of course, efficiency.

And it is a fact that in some cooperatives we have had considerable problems with inefficient production in recent years. Last year, for example, not a few LPG's failed to yield the planned financial return which means that the state had to subsidize them. This in turn means that money intended for other purposes went into these LPG's. Therefore, the 11th Central Committee Plenum has reiterated that a marked improvement of cost-benefit ratios and the reproduction and maintenance of capital and other funds are priority tasks of crop and animal production LPG's.

It may be of interest to mention some figures bearing on the development of these funds in our bezirk. In the 1980 crop production year we will work with 1.5 billion marks worth of capital assets and 270 million marks in operating funds which represents the hitherto highest investment into production.

I would also like to point out that the rate of increases manifested in production are on the whole developing in accord with the operational plan of our LPG (P) in our bezirk and amount to 110.7 percent compared with the preceding year. And--which is important--accumulation will amount to 18 percent above last year's result. This is a very sharp increase due primarily to the fact that last year's crop failure prevented the achievement of planned accumulation.

With regard to the situation in animal production in the bezirk, we expect to work in 1980 with 2 billion marks worth of capital funds and a billion marks worth of operating funds in animal production. Operating funds are known to be higher because they include the cattle stands. But, since the lion's share of the investments is channeled into animal production, by year's end the capital funds will increase by 140 million marks over the preceding year and of course this is then necessarily reflected in production results and the development of costs.

Amalgamation of the results of the LPG (T) operating plans yields a gross production of 101.1 percent and a net production of 110.8 percent. And accumulation--keeping also here in mind the losses suffered last year--will quadruple. All these crop and animal production operating funds in our bezirk must be utilized efficiently. And these operating funds from the bezirk viewpoint still comprise hidden reserves.

Walter Schulz, director, Agricultural Policy Department, Schwerin Bezirk SED Management: I agree. These reserves in animal production lie primarily in potential breed improvement and the reduction of losses. Each animal which perishes represents an investment in societal labor, cost and feed and therefore a loss to the national economy, food supply, the cooperatives and in the end to every individual cooperative farmer.

The 1979 management results reveal again unequivocally the existence of close correlation between production efficiency and yield and output in crop and animal production. High yield and performance are the best means for reducing the per unit cost of output, increasing profit and making greater consumption possible.

An analysis of results has revealed that weight gains of steers are not up to par and that feed concentrates are not indispensable on every dairy farm and that milk and beef should also be produced by feeding high quality bulk fodder in ample amounts. A number of collectives and LPG's in the bezirk exhibit outstanding results with rations relatively low in concentrates because they are supplied high-quality fodder by their crop production LPG's which enables them to exploit the potential of their cattle herds to better effect.

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BRIEFS

GDR-BURUNDI TRADE AGREEMENT--Bujumbura--The first long term trade agreement between the GDR and the Burundi Republic has been signed in Bujumbura, the capital of this Central African country, at the conclusion of a visit by a GDR Government delegation. Under the agreement, the GDR will supply the Burundi Republic with agricultural machines and equipment, commercial vehicles, electrical engineering/electronics products and medical equipment. Burundi will export raw coffee, skins, leather and pulses. [Text] [LD020432 East Berlin ADN International Service in German 1454 GMT 30 Jun 80]

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ENERGY POLICY, EFFECT ON FOREIGN TRADE NOTED

Warsaw HANDEL ZAGRANICZNY in Polish No 2, 1980 pp 8-9

[Article by Jacek Dembowski: "Polish Energy Policy and Problems of Foreign Trade"]

[Text] Every rational energy policy should consider the fact that economic development requires growing energy resources. Consequently, the possibilities of acquiring these resources, or the economic access to them, determine the possibilities of economic development. In other words, energy fulfills an active role, and not an exclusively passive one, as the world was inclined to think even until recently. Only the increasing difficulties after 1973 began to bring home the real role of energy in development, and especially energy's role as a "bottleneck."

Two basic factors have determined the form of Polish energy policy: first, Poland's rapid industrialization based on the primacy of the development of heavy industry, and second, the tendency to base Poland's domestic energy economy on its own fuel resources, that is, mainly on coal. This policy led, however, to certain negative results whose significance began to be felt with full force only in recent years. Above all, trends towards excessive material intensiveness began to appear in the economy. The best example of this phenomenon may be steel, the production and per person use of which achieved, and began to exceed, the level of the most highly economically developed countries, irrespective of differences in the level of economic development. This had to cause comparatively high energy consumption for economic development, resulting in well-defined economic consequences. These consequences were revealed with particular force during the period of high energy prices after 1973.

The trends in the changes of world prices for raw materials and other materials which occurred during this period are characteized by

- --a significant increase in the comparative level of fuel prices in relation to the general level of prices;
- --a further decline in the comparative prices of raw materials and other materials, such as iron ore, aluminum, copper, zinc, lead, steel, etc.

As a result of these tencencies, there was an increase in the comparative share of energy costs, which was particularly evident in branches of production noted for high natural energy consumption, such as metallurgy, heavy chemical industry, etc. The economy of these industries was hurt seriously, especially where antiquated technological processes characterized by excessive energy consumption were maintained.

As a result, high energy consumption began to restrain economic development through the action of two factors. First, coal as a basic energy source is and must be an expensive fuel if it is extracted from deep pits; this is a rule found in all regions of the world where coal is extracted by these methods. Morevoer, deteriorating geological and mining conditions are causing a further rise in extraction costs, which brings about a further increase in energy costs. Second, investment outlays in the fuel and energy complex treated as a whole are highly capital-intensive. This is a general rule which is observed also with all so-called new sources of energy, such as atomic energy, for example. For it is well known that already today atomic energy lets us obtain energy at a lower cost than classical energy does, but it is also well known that it requires considerally more capital than traditional energy does, not to mention its effect on the natural environment, irrespective of the less or more justified appraisals of these effects.

The material-intensive and, consequently, energy-intensive model of economic development has to lead to the erection of an investment barrier to this development. As is well known, in the economy of every country one can define a boundary for effective investment. Exceeding this boundary results in unfavorable economic effects. The significant participation of capital-intensive branches has to lead to the limitation of investment possibilities in other branches, resulting in a growing imbalance arising from this underinvestment, among other things; this may affect the communications or social infrastructure, for example.

Under current conditions of large and increasing outlays for energy (and more precisely, for the development of primary fuel production), it is becoming an absolute necessity to limit the energy consumption for development, under threat of restraining economic development. In a sense, a reversal of the problem is occurring here. For until now, as a rule there has been deliberation on how to insure a sufficient amount of energy for the postulated economic growth. At present, underconditions of expensive energy, we should pose the question: how can we achieve maximal economic growth with the economically available energy? This question is not a rhetorical one, for it means moving the emphasis of deliberations on the quantitative treatment of the demand for energy to the problems of the economic efficiency of its consumption. It is not a matter of chance that such great emphasis is being placed on energy "conservation" universally today, with the significance of this trend growing continually as the prices of primary fuel and energy rise.

The problem of the rational use of energy is especially drastic in the case of liquid fuel, the main source of which is crude, and for which there is no substitute in the coming decade of the 1990's and probably not in the longer run either. Poland has been very frugal in this field, not taking advantage of the opportunity to accelerate its economic development in a long, ongoing period of very low crude prices. This period belongs to the past, but the result of it is that at the present moment Poland is faced with the need to increase the consumption of crude, the scale of growth of this consumption being debatable.

However, one must take account of the unfavorable conditions for the implementation of this postulate. To be sure, the world is not threatened with exhaustion of reserves of crude, at any rate not before the year 2000. Moreover, in the sense of procurement costs, crude is the cheapest source of energy and probably will remain such. However, the specific structure of relations on international markets has resulted in the absolute growth of prices and, what is more, subsequent price increases cannot be ruled out. Moreover, the political instability of the area which determines the world's crude supply (the Near East) creates the potential danger of effects which can't be foreseen. Under these conditions, energy policy must be very cautious and must make allowance in advance for the possibility that various disturbances will take place. Of course, Poland does not have the slightest influence on the world energy situation, which however in turn has an impact on Poland's economic situation. In these circumstances, it is a first priority matter to conduct an energy policy which, to the maximum possible extent, would neutralize the possibility of the negative impact of disturbances in the world energy economy on Poland's economy.

In the described circumstances it is absolutely indispensable to limit the energy intensiveness of the economy chiefly by making comprehensive changes in its structure. It is not only a question of limiting the development of the most energy-intensive production but even, in some cases, of eliminating this production or cutting it back considerably. With regard to foreign trade, this means a postulate of directing energy saving products to export, and energy intensive products, to import. This postulate may have a chance to be implemented in the longer term. For the near future, it will be necessary to streamline the export of fuel, especially hard coal, in view of payment and treaty considerations. This means the need to seek results primarily within the economy.

An immensely important element of the energy policy in the new circumstances must be a restrictive price policy marked by a departure from all forms of subsidizing energy by lowering its price. For all postulates on frugality and rationalization of energy consumption would be empty words if they did not support even very brutal economic pressure. Furthermore, it should be remembered that low energy prices exert a very negative influence on technological progress, for they favor energy-intensive solutions at the expense of saving energy. And as is well known, the key to resolving energy problems lies in technological progress.

Consequently, the new outlook on the role of energy in economic development must lead to a different understanding of the concept of economic results. These effects were sought traditionally in growing production, the size of which was treated even as a natural index of the level of economic development. Thus, it is not tons of steel, coal, cement, sulfur etc which determine economic development but the final product; the fewer raw materials and other materials, the less energy this product requires, the greater is the economic development. This fact puts the effectiveness of scientific studies in the field connected with energy consumption in a completely different light. One could enumerate very easily here how great the savings would be if fuel consumption of internal combustion engines could be decreased by only 10 percent in relation to a unit of procured power, that is, a unit of work. The same thing is true for the heating of buildings and heat losses occurring there, and in many other fields. It seems that it will be very difficult to achieve more respectable results in this sector without a clear preference for scientific research and training studies supported by strong material incentives. It is even worth paying a high price for measurable and perceptible results in this field, especially if we consider the worsening conditions of the search for energy from the perspective of the next dozen or so years. Hence, it follows that there is also a need for preference to be given in the energy policy to purchases of licenses and technology demonstrating energy saving solutions, with particular emphasis on savings of liquid fuel.

A suitable place must be found in the energy policy for marginal energy sources, indiscernible sources, or even completely disregarded sources; these sources certainly will not solve energy problems, but they may ease them. It is a matter of taking advantage of energy possibilities inherent in small streams or mere brooks, which at one time were used for these purposes to a considerably greater degree. Social initiative, especially in rural circles, can achieve a lot here. There are also many other fields where we can realize individual effects which may be unspectacular but which altogether, have an affect on a global scale.

Recapitulating, Poland's energy policy must be characterized by rational energy consumption on a nationwide scale, adaptation of the industrial structure to conditions for acquiring energy, establishment of an appropriate direction for foreign trade, more active collaboration with foreign countries in the area of energy economy, and attainment of better price effects.

Starting with the assumption that the coming years will be difficult ones with regard to energy, only the comprehensive efforts can create indispensable premises for absorbing the shocks endangering the world economy and the formation--to the extent possible--of favorable conditions for Poland's further socioeconomic development.

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PROBLEMS, DIRECTIONS FOR INTENSIFICATION OF EXPORTS OUTLINED

Warsaw HANDEL ZAGRANICZNY in Polish No 2, 1980 pp 5-7

[Interview with the Minister of Foreign Trade and Maritime Economy Dr Ryszard Karski, conducted by M. Deniszczuk]

[Text] [Question] Comrade Minister, the Guidelines for the Eighth PZPR Congress defined the intensification of our export during the 1980's as a task of a strategic nature. In the light of the pre-congress discussion which has been conducted within the columns of our monthly, among other places, on the subject of the necessary conditions for the implementation of this task, the intensification of export requires the deep structural transformation of our economy, particularly in industry. Do you agree, Comrad Minister, with this general opinion?

[Answer] Of course. In order to effect a considerable increase in the development of our export we must increase its share in industrial production. This means that production designated for export should grow more radidly than our whole industrial production. Such a situation occurred, for example, in the first half of the 1970's. From 1976-1978, on the other hand, export increased more slowly than industrial production. Although a certain amount of improvement was shown in 1979, according to the evaluation, during the entire current decade the share of export in industrial production has increased by somewhat less than 1 point and will finally reach approximately 14 percent. I should note that according to the Guidelines for the Eighth Congress, its share through 1985 is supposed to increase to approximately 17 percent.

Executing such a change in the structure of industrial production is contingent upon the competent management of investment outlays, but not only upon this. It is my conviction that investments are not a factor of prime importance here. Instead, the production potential created and modernized during the current decade, particularly in the processing industries, is an important basis for the further development of export. This potential, on the other hand, should be more fully utilized, which necessitates, among other things, the constant improvement of the organization of production processes, changes in the structure of product variety, the improvement of product quality, the streamlining of forms of trade service and the like. Thus, it is primarily a question of structural changes to be executed in the existing production apparatus by means of directing its utilization and setting up the structure of the production of articles designated for export in order to adapt it to the needs and demands of foreign markets. To be sure, small investments will also be necessary in order to implement such undertakings. Here a major role can be fulfilled by cooperative undertakings. Both modernizing investments and new investments, however, should be undertaken with a view to ensuring the real increase of export and should be located above all in those branches and sectors in which production has the most favorable prospects of sale on foreign markets.

[Question] It would follow from this that preferred directions of pro-export development already exist or will be established. Comrade Minister, can you indicate the most desirable directions of such development in your opinion?

[Answer] In September 1979 we presented the ministry overview of this question. It was one of the subjects of discussion at the conference of the central party-economic aktiv, under the chairmanship of the Central Committee First Secretary Comrade Edward Gierek. Both within our ranks and in industrial ministries work continues on the concept of the pro-export development of sectors. The result of these efforts will be reflected in the draft of the five-year plan, which will concretize the tasks included in the program of the Eighth Party Congress. However, we can already mention several branches and sectors which hold the trump cards for effectively contributing to the intensification of export. I attribute prime importance here to the electral machine industry. In the past decade it increased its share in Polish export, and this tendency should be maintained in the future.

An analysis of the absorptive power of foreign markets shows that a significant increase in the export of products of this industry is possible. This should be promoted by the results of the modernization of many of its sectors, including the following: the motorization industry, the construction machine industry, the tractor and farm machine industry (tractors produced under the Massey-Ferguson license, new types of combines for harvesting various crops), the ship industry (such as new types of specialized and trade vessels), the technical equipment industry (which can provide large sugar beet refineries, sulphuric acid factories, plants for the production of proteinaceous casing and citric acid), the machine tool industry, the electronics industry (colored television receivers, professional electronics, telephone exchanges). Of course, I have named only several sectors and their products.

An important role in the intensification of export should be played by the chemical industry, and particularly by its sectors which are characterized by a high level of processing, such as the pharmaceuticals industry, the cosmetics industry and the paints and varnishes industry. We may expect that the rate of production in this industry will be stepped up in coming years in comparison with many other branches. This should also bring about an increase in export supply. The appropriate decisions in this matter have already been undertaken by the Party leadership.

We also envision considerable possibilities for the growth of export of the products of Polish metallurgy: for metallurgical products, silver, copper and products made of copper.

In light industry, the export supply of products characterized by a high level of processing should increase. This relates to such sectors as the clothing and knitting industry and the accessories industry. Structural moves, however, should take place in the export of products of light industry, owing to the sharp price rise of imported raw materials. We see considerable prospects for the development of export, if we take into consideration the anticipated local potential in the products of the glass-making and ceramics industry and the furniture industry.

Clearly, this does not exhaust all of the developmental possibilities of export. On the other hand, we must clearly point out that the intensification of the export of products, both of the sectors listed here and of other sectors, will necessitate a constant increase in their quality, the streamlining of services of trade transaction, of servicing, and, with reference to durable goods, in particular investment goods, the assurance of increased parts supplies.

[Question] Comrade Minister, in noting the preferred directions of development of export, we have bypassed our raw materials other than metals. Is there no growth in export anticipated for this field?

[Answer] The issue is a complex one. On the one hand, there is a growing demand for all of the raw materials which we export. This refers above all to hard coal, as well as the other raw materials, such as sulphur and copper, which I have already mentioned. On the other hand, investments in the raw materials divisions of our economy are costly, long-term ones. To increase export supply on a significant scale through increasing new mining and processing capabilities would have an effect on the growth of capital absorptiveness of our development. At the same time, we cannot ignore domestic raw materials and fuel-energy needs. Thus our export policy in this field must be closely tied in with our energy and raw materials policy. Nonetheless, I am of the opinion that particularly favorable possibilities presently exist for more deeply incorporating our raw materials resources into international cooperation. I have in mind such ventures as would come out against the explorations of some countries in the solution of their energy problems on the one hand, and on the other would not cause a direct and running drain on our economy through costly and long-term investments. I am convinced that favorable possibilities exist for us for the implementation of such ventures.

[Question] In the Congress Guidelines, the task of balancing our foreign turnovers with foodstuffs and agricultural raw materials was proposed. What is the role of foreign trade in the implementation of this task?

[Answer] This is a task for the entire economy, and particularly for agriculture and the agricultural processing area. Of course, trade will be assured of an important share in the implementation of this task. We have already worked out a long-term program which projects the appropriate changes in the structure of turnovers of agricultural raw materials and foodstuffs and the balancing of these turnovers, particularly in exchange with capitalist countries. With regard to the volume and structure of import needs, however, these derive from domestic production and consumer demand. Although this clearly affects export as well, the role of foreign trade here is more significant, I would say more active. Foreign trade can and should influence the structure and quality of goods issuing from the processing industry which are designated for export; it should have a significant impact on the level of realized prices, which depend to a large degree on the forms of sale, the timeliness of deliveries and the like.

[Question] Can and should the apparatus of foreign trade also have an impact on the directions of production development and its assortment structure in other fields? Should this also affect the selection of directions of investment and the selection of manufacturing techniques and technology?

[Answer] Certainly. Production does not serve itself, but serves specific needs. As regards export, the developmental necessity of which I do not have to justify here, its exigencies must now be very closely studied in the undertaking of every production investment, no matter how small. There is no other way to achieve a pro-export orientation in the development of our economy. For this reason the apparatus of foreign trade should play an active role in the preparation of investment decisions in industry, in particular from the angle of recognizing market conditions and making marketing and prognostic studies. On the one hand, this sets more tasks before this apparatus, and on the other, it obliges industry to make use of this sort of material.

In this light, the awareness that our economy can have an impact on the foreign markets situation only in a few fields and on a small scale is indispensable. To a significantly greater degree it must adapt to the situation on these markets, which are, as a rule, buyers' markets.

[Question] Comrade Minister, in your opinion, to what degree will the improvement of management efficiency, which, according to the assumptions, is to be one of the fundamental factors of economic growth in the 1980's, have an impact on the possibilities and conditions of the intensification of export?

[Answer] The significance of this factor has many aspects. If one of the directions of improving management efficiency is the reduction of the materials and energy consumption of production, and if measurable results are achieved in this area, they should help to effect an increase in the export supply of raw materials and fuels. These are extra-investment sources for increasing export. At the same time, a reduction in production costs should have a positive effect on export efficiency. But the accounting of this efficiency also has its foreign exchange aspect. This aspect is contingent upon the level of attained foreign exchange prices, which in turn are contingent upon the qualitative characteristics of the goods made available and the quality and form of the trade transaction. Consequently, in the improvement of export efficiency great possibilities lie with an increase of foreign exchange influences across the broad time horizon.

[Question] Comrade Minister, aside from the transformations you have suggested in the sphere of material production, are transformations in the functioning and organization of foreign trade enterprises necessary to ensure the acceleration of the growth of export?

[Answer] Changes in the economic-financial system of foreign trade enterprises, as in our entire economy, are a subject which demands separate treatment, in conjunction with the concrete solutions which will be put into practice. With regard to the organization of the foreign trade apparatus, I can say that recently we have carefully reanalyzed the effects of the reform carried out in 1970 and the present organizational structure of this apparatus. Against this background we have here a series of critical observations, but we must be conscious of the generally objective nature of the causes which have contributed to the present situation. This evaluation, of course, has resulted in constructive suggestions regarding a desirable organizational model of the foreign trade apparatus in the future. The general concept is subordinated to the task of intensifying export and rationalizing import, of more closely connecting foods and payments turnovers, particularly credit turnovers, of strengthening the role of marketing, price analysis and the analysis of other conditions of buying and selling and the like. At the present stage however, especially in the face of the very formidable tasks which stand before foreign trade, I would consider the introduction of this model purposeless. Following from it would be the necessity of organizational and cadre changes, and reorganization--as we know from many experiences--does not foster the effective implementation of fundamental tasks.

It is for this reason that I emphasize the purposeful nature of our concepts. They will also be the subject of further analyses and discussions. On the other hand, I think that the granting to economic units of further powers to carry on foreign trade activity should be preceded by a thorough analysis of the principles and goals of new organizational developments. What is of the essence here, among other things, is that we should not create enterprises and offices which are not sufficiently prepared to carry on this activity. If we are going to do this, we should do it with an understanding of the future organizational model. But at present the most urgent task is the intensification of export. The further development of our economy depends on its implementation.

[Question] Which geographical directions should be preferred in the development of our trade exchange with foreign countries?

[Answer] We would like to develop trade exchange with all interested countries. For obvious reasons, the most rapid growth should be in turnovers with those countries which do not only wish to export to our country, but which are also interested in import from Poland, in the creation of cooperative ties, the joint resolution of some production, technical and technological problems and the like. The further strengthening of economic ties with socialist countries, both within the framework of the implementation of the program of the development of socialist economic integration and in the bilateral mode as well, has immeasurably important significance for the development of our economic cooperation and trade exchange with countries from abroad.

What is of particular essence in this regard is the further development of cooperation and trade exchange with our biggest partner--the Soviet Union.

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POLAND

ENERGY PROBLEMS IN TRANSPORTATION DESCRIBED

Warsaw PRZEGLAD TECHNICZNY INNOWACJE in Polish No 20, 18 May 80 pp 12-13

[Text] There are many links and interdependent relationships among the four systems of the nation's technical infrastructure, namely transportation, water resource management, communications, and the power system. Underinvestment has been a common feature of these systems for many years, as have been delays in implementing functions which are important for the national economy. Recently this situation has appeared most obviously in the area of the power system and transportation. In order to alleviate this situation, we must now give the green light in the investment area.

The relations between the power system and transportation are two-fold: transportation has assumed the role not only of fuel carrier to large-scale consumers (power stations, gas works, heating plants, etc.), but also of energy distributor in the form of solid and liquid fuels which are to be used immediately by numerous consumers in the area. On the other hand, the power system supplies electrical energy and fuel which is necessary for transportation and which is not always utilized rationally.

There is another reason which justifies the interference of the power engineer in transportation matters--and this is the possibility that he may be able to apply his expertise in the design, construction, and operation of power systems in the area of transportation and communications. This can be explained by the following example. The power engineer, and especially the electrical power engineer, always makes a distinction between the concepts and problems of the "transmission" and the "distribution" of energy.

The first of these problems, which consists of the displacement of great quantities of energy over designated distances, demands the construction of "transmission" lines of high or ultra-high voltage, without shunts or transformer stations for long stretches along the transmission route. Medium voltage lines which supply numerous consumers, either directly on medium voltage or by transforming from medium to low voltage (usually 380/220 V) for small consumers, are built along these same routes, often right next to the high-voltage lines and parallel to them. Thus a "distributing" network is created.

When the load is increased on lower voltage networks, their capability for conducting energy is increased thanks to the addition of points which supply them from the high voltage network. This creates a very flexible system (easy to expand) which can be adapted to new, increased demands without great cost and inconvenience.

The railway network, in which one- or two-track lines must be transmitting and distributing at the same time, seems to the power engineer to be a system which is incapable of harmonious operation and development. This explains a great many of the difficulties with which the railroad is struggling in Poland.

It should be realized that the main difficulty in the operation of the railroad is not transporting of large bulk freight and especially not transporting of coal, but the distribution of general freight, the increasing passenger transport service (especially commuting to work in industrialized areas). Table 1 presents the volume of rail transport-service operations and of motor transportation, divided into major freight groups, in 1975, and the projected volume for 1990 (in billion net ton-kilometers).

As the table shows, in 1975 the amount of solid fuel in rail transport-service operation amounted to about 36 percent, which means it was the most important. It should not be forgotten, however, that this transporting is carried out almost exclusively by direct-route or shuttle trains, which puts only a minimal burden on the switching operation at stations, since the cars are mechanically loaded at the mines and mechanically unloaded at the power stations, and since the great weight of coal trains reduces their number. Consequently, they do not excessively limit the traffic capacity of the rail lines.

For example, in a year's time about 6 million tons of coal are delivered to a power plant with a capacity of 2000 MW. This amounts to transporting about 24.6 thousand tons a day, which means 8-9 pairs of trains in a 24-hour period. The capacity of a two-track line sometimes exceeds 100 pairs of trains a day; 150 pairs is possible, and this depends mainly upon the introduction of automatic traffic control.

It can be seen from these calculations that the transportation of coal even to large power plants does not burden two-track rail lines more than 10 percent.

Under the difficult circumstances under which the railroad functions at present, there has arisen the tendency to shift the entire distributing operation to motor vehicle transportation. Accordingly, the number of rail stations to which bulk and general freight can be sent has been considerably limited and the minimal distance of the transport service of goods by rail has been increased. These very directives, which substantially increase the demand for liquid fuels (diesel), trouble the power engineers and demand that thought be given to the continued development of our transportation from the point of view of energy management and the structure of the future balances of fuels and energy.

The continued electrification of railroad locomotives does not need to be justified. In 20 years diesel-rail locomotives will be seen only on a few, rather secondary stretches of the railroad network with small goods traffic; thus the share of liquid fuels in the total consumption of energy on the rails will be very limited. Steam power, whose share in rail transport operation fell from 39.8 percent in 1970 to 17.4 percent in 1976 and will probably fall to zero by 1990, will be even more limited.

In the transporting of both goods and people on the highway, one must be concerned most of all with diesel power and with the consumption of diesel oil and gasoline. It may be that in 20 years a certain amount of the transporting operation in urban areas will be taken over by electric delivery vehicles, but this will be a matter of rather short distances and not very heavy freight. Trolleybusses, which should not have been done away with, will undoubtedly be put back into service.

Table 2 shows the approximate indicators of individual electrical energy consumption on the rails in 1975. Next to the so-called terminal consumption (on-line electric-power cable network) there is given the energy consumption at the primary energy level, thus taking into consideration the relatively low efficiency of the production of electrical energy in electric-power and heat generating plants, as well as the losses which take place in electric-power networks on the way from the power plant to the electric-power cable substations.

Table 3 presents projected figures on the demand for primary energy which will be needed to fulfill transportation needs in Poland in 1990. Expressing the demands presented in the table in units of actual fuel, we get for 1990:

about 7 million tons of stoker coal
about 13 million tons of crude oil

Predictions for the growth of transportation operations in the years 1990-2000 allow only for an estimation of its magnitude. Assuming that during this period passenger and freight transport service will increase about 45 percent, we would get the following demand for transportation fuel in the year 2000:

about 10 million tons of stoker coal
about 19 million tons of crude oil

Although the first of these figures, representing about 4.5 percent of the anticipated national demand for stoker coal, causes no great apprehension, the second figure will represent a difficult problem for our import situation. Calculating the costs of buying crude oil even at the present price (200-220 dollars a ton), this would mean a demand in foreign currency in the range of 4 billion dollars for the import of oil in the year 2000! It is important to remember that these 19 million tons of crude oil do not cover the demands for water transportation (sea and inland), for the mechanization of agriculture (tractors and other agricultural machinery), air transportation, the steel industry, the chemical industry, etc.

Difficulties (not only in the area of foreign currency) in acquiring the necessary amounts of crude oil or liquid fuel may become extreme in 15 or 20 years.

It should not be forgotten that during this period a worldwide reduction in the output of crude oil is predicted, and at the same time the demand for it will increase in countries which are significantly stronger than we are economically and which have at their disposal much more attractive export offers to oil suppliers.

The economic utilization of liquid fuels will become a problem of exceptional importance. It is already worthwhile considering sensible ways of limiting the use of liquid fuels in Poland as well as looking for alternative energy sources.

The following conclusions can be derived from the preceding considerations and the figures in the tables:

1. The odds for individual motorists will grow less as the prices of liquid fuels grow, as well as a consequence of a lack of parking places in large cities, of difficulties accompanying the rapid extension of the highway system and the technical facilities of motorization, of the restraints arising from protecting the environment, etc. Commuting from the outskirts of the city to a job downtown has already become difficult; it is already easy to imagine what will happen in 1990 when the number of passenger cars in Poland, according to predictions, should reach 6 million! Commuting to and from work will have to be done to a great degree by mass transportation.

The automobile (except for the relatively small group of people who need it for their job) will be used for recreation. Perhaps during the weekend and on vacations cars (like tents and camping equipment) will be rented periodically for recreation.

2. Trucks powered by diesel gasoline must be replaced by far more economical trucks with high compression engines.

3. In light of the foreign currency price of a ton of standard fuel in oil products, which is nearly four times higher than the price of stoker coal, the transportation of passengers by means of urban electrified trains remains competitive with bus transport service in spite of lower efficiency and a higher individual energy use.

4. Not only must the trolley car and trolleybus systems in the cities be extended, but also the rail system in large urban centers must be expanded. It seems unavoidable that a significant portion of the freight distribution will be taken back by rail transportation.

As a nonspecialist in the area of transportation I cannot introduce concrete proposals; it must be left to experts to attain the above-mentioned conclusion. It seems that it might also be necessary to examine the possibilities of increasing the distributing function of the railroad by building additional tracks (as in the Tri-city or along the Warsaw-Grodzisk rail route), and by building new small service lines (of the electric access railroad type) designated for both passenger and freight transportation.

It is worth noting that it is not even a matter of investments which would have to be implemented in the next few years, but only of the appropriate allowance for rail transportation problems in regional planning. It is not only necessary to set aside the appropriate place for the building of new rail or trolley car lines, but it is also necessary for transport-intensive facilities (warehouses, wholesale houses, storehouses of building materials, combustible materials, etc.) to be placed along these routes. It would be worthwhile thinking about the role that container transportation might play in this new technology of distribution. It is also not out of the question that the introduction of a "small service" rail line into the area of a newly built community or industrial plant would become a normal element in developing the building site and would later take care of normal transportation problems.

Perhaps specialists in transportation or territorial planning will address these topics.

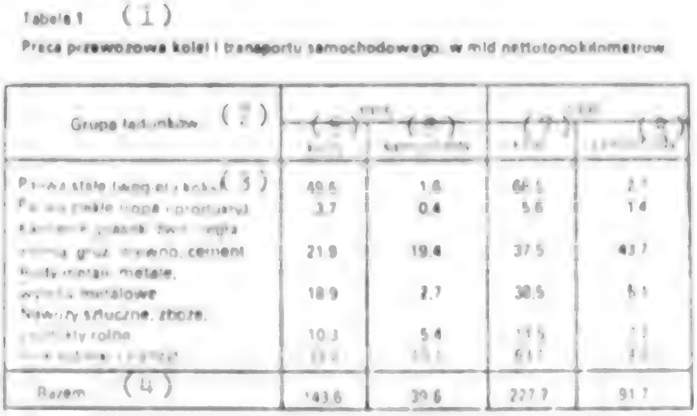


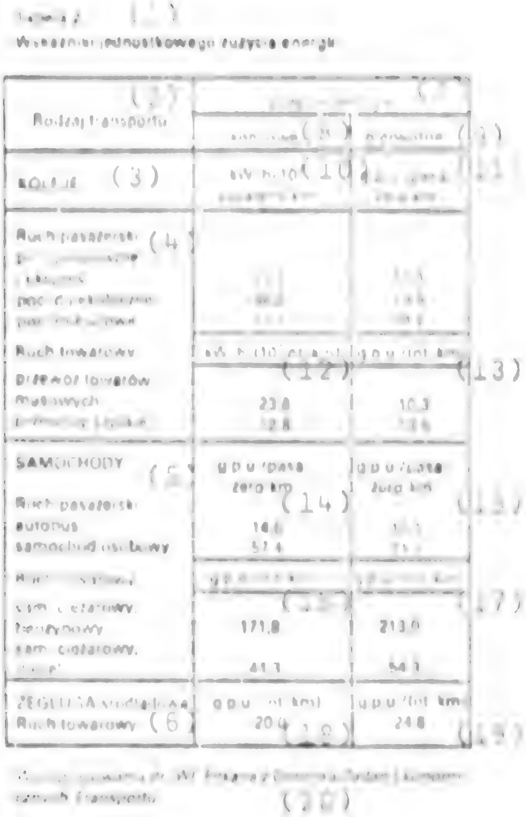
Tabela 1 (1)

Praca przewozowa kolei i transportu samochodowego, w mld nettotonokilometrów

Grupa ładunków (2)	[illegible]		[illegible]	
	(5) [illegible]	(6) [illegible]	(7) [illegible]	(8) [illegible]
Paliwa stałe (węgiel i koks) (3)	49.6	1.6	64.1	[illegible]
Paliwa płynne (ropa i produkty)	3.7	0.4	5.6	1.4
Kamienie, piasek, żwir, cegła, ziemia, gruz, drewno, cement	21.9	19.4	37.5	43.7
Rudy metali, metale, wyroby metalowe	18.9	2.7	30.5	5.1
Nawozy sztuczne, zboże, produkty rolne	10.3	5.4	[illegible]	[illegible]
Inne ładunki i tranzyt	[illegible]	[illegible]	[illegible]	[illegible]
Razem (4)	143.6	39.6	227.7	91.7

Key:

1. Table 1
   Rail and motor transport-service operations in billion net ton-kilometers
2. Groups of freight
3. Solid fuels (coal and coke)
   Liquid fuels (oil and oil products)
   Stones, sand, gravel, brick, earth, rubble, timber, cement
3. (Continued)
   Metal ores, metals, metal products
   Fertilizers, grain, agricultural products
   Other freight and transit
4. Total
5. Rail
6. Motor
7. Rail
8. Motor


(1)
(2)
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(7)
(8)
(9)
(10)
(11)
(12)
(13)
(14)
(15)
(16)
(17)
(18)
(19)
(20)

Tabela 2

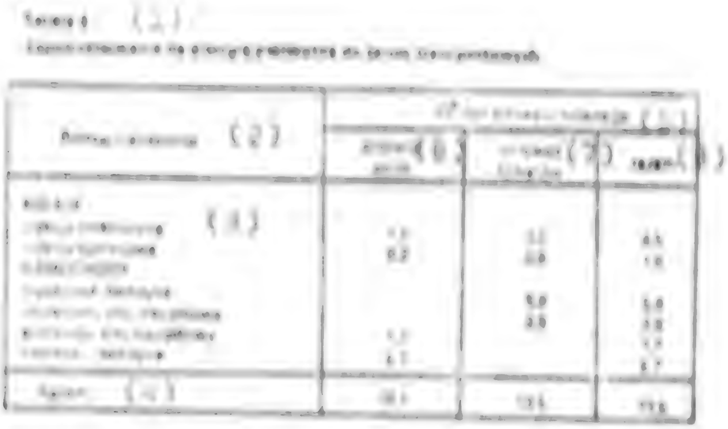
Wskaźniki jednostkowego zużycia energii

Rodzaj transportu	[illegible]	
	[illegible]	pierwotne
KOLEJE	kWh/10³ [illegible]	[illegible]
Ruch pasażerski [illegible] [illegible] [illegible] [illegible]	[illegible]	[illegible]
Ruch towarowy	kWh/10³ [illegible]	g.p.u./net tkm
przewóz towarów masowych [illegible]	23.8 12.8	10.3 [illegible]
SAMOCHODY	g.p.u./pasa- żero km	g.p.u./pasa- żero km
Ruch pasażerski autobus samochód osobowy	16.6 57.4	[illegible] [illegible]
Ruch towarowy	[illegible]	[illegible]
sam. ciężarowy, benzynowy sam. ciężarowy, [illegible]	171.8 41.3	213.0 54.1
ŻEGLUGA śródlądowa Ruch towarowy	g.p.u./net tkm 20.0	g.p.u./net tkm 24.8

[illegible]

Key:

1. Table 2
   Indicators of individual energy consumption
2. Type of transportation
3. RAIL
4. Passenger service:
   fast and express trains
   long-distance trains
   local trains
   Freight service:
   bulk freight transport service
   express service
5. MOTOR VEHICLES
   Passenger service
   bus
   passenger car
   Freight service
   trucks, gasoline
   trucks, diesel
6. INLAND waterway transport service
7. Energy consumption
8. terminal
9. primary
10. kilowatt-hours per 10^3 passenger kilometers
11. grams of standard fuel per passenger-kilometers
12. kilowatt-hours per 10^3 net ton-kilometers
13. grams of standard fuel per net ton-kilometers
14. grams of standard fuel per passenger-kilometers
15. grams of standard fuel per passenger-kilometers
16. grams of standard fuel per net ton-kilometers
17. grams of standard fuel per net ton-kilometers
18. grams of standard fuel per net ton-kilometers
19. grams of standard fuel per net ton-kilometers
20. Based on a paper by doctor Vladislav Fitkan of the Center for Economic Research on Transportation



Key:

1. Table 3
   The demand for primary energy for transportation
2. Type of transportation
3. RAIL
   electric locomotives
   diesel locomotives
   MOTOR VEHICLES
   trucks, gasoline
   trucks, diesel oil
   busses, diesel oil
   passenger cars, gasoline
4. Total
5. 10^6 tons of standard fuel
6. passenger transport service
7. freight transport service
8. total

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POLAND

DEVELOPMENT OF METALLURGICAL INDUSTRY OUTLINED

Warsaw ZYCIE GOSPODARCZE in Polish No 20, 18 May 80 p 2

[Article by Lech Froelich]

[Text] The metallurgical industry, especially ferrous metallurgy, is one of our great national industries. The great metallurgical investments of recent years have produced a technological advancement in both metallurgical industry and the country as a whole. We should realize, however, that the degree of saturation of the Polish economy with steel, compared with developed countries, is still not very high. For example, in the United States, the amount of steel, in terms of structures, machines and equipment produced, equals about 8.8 tons per capita; in the FRG, about 6.7 tons; and in France, about 5.5 tons, whereas in Poland, we estimate the degree of saturation of our economy with steel at 2.1 tons per capita. As regards profitability of metallurgical production we may quote the following remarks made to reporters by Franciszek Kaim, Minister of Metallurgy:

"The profitability of metallurgical production is determined by power and raw-material resources, the use of modern technology and production equipment and by the adequately trained cadre. The power resources--coal--are the basic element. Our country has at its disposal considerable reserves of utility coal, and what is extremely important it also has abundant deposits of coking coal."

The possession of a rich power base, the availability of already considerable quantities of scrap-metal being returned for remelting and of very rich deposits of dolomites, limestone, quartzite and clay used in the metallurgy of pig iron and steel, provide suitable conditions for the development of metallurigcal production. At present prices one ton of coal can buy two tons of ore.

Coal plays a crucial role in the steelmaking. Its share in its material costs is more than 50 percent. Therefore, it is not the imported ore that accounts for the profitability of metallurgical production, but the power base and possession of the rich deposits of both coking and utility coal. This base is the main guarantor and condition for the economically justified and profitable steelmaking. The question of profitability of metallurgical production can be also considered from the viewpoint of the overall value of the production of rolled products (in 1979). This value at current world prices amounts to about 5,800 million dollars. Cost of the imported raw materials (ore and ferroalloys) attains eight percent of the value of the overall production. It is more profitable to import an eight percent of the overall production value in the form of ore than a 100 percent in the shape of metallurgical products: for the exported products we obtain suitable conversion rates. This production will be the more profitable the more we will upgrade the finished products using a modern high-yield production equipment.

In 1980, the Polish metallurgical industry intends to produce among other things:

- 19.6 million tons of coke, that is 300,000 tons more (1.5 percent) than in 1979,
- 12.28 million tons of pig iron-an increase of 750,000 tons (6.5 percent),
- 20.2 million tons of steel-an increase of about one million tons (5 percent),
- 13.6 million tons of rolled products-increase of 940,000 tons (7.4 percent),
- 390,000 tons of electrolytic copper-an increase of 55,000 tons (16.1 percent),
- 230,000 tons of zinc-an increase of 21,000 tons (10 percent).

The range of investments in metallurgical industry in 1980 has been subordinated to supra-ministerial directions of investment and is taking into account the capabilities of the country. As a result of the regrouping of funds, the sum of 30.1 billion zlotys for metallurgical investments in 1980 is allocated, which constitutes 83.8 percent of the outlays provided in 1979.

The most important investment projects continue to be centered on the Huta "Katowice" - realization of the projects of the 2nd stage, that is plate "2000" continuous rolling mill, the continuous steel casting division, power installations, and coking plants. They involve about 14 billion zlotys, that is, almost a half of the investment funds.

Apart from this, in 1980, the already advanced construction is being continued of the blast furnace No 3 and of the sinter belt no 4, so as to achieve in 1982 the necessary increase in steel production for the plate "2000" continuous rolling mill, and also make it possible to carry out the general reline of blast furnaces No 1 and 2.

Investments in the Association of Iron and Steel Industry are centered on the construction of the small-scale rolling mill in the Huta "Nowotka", continuous tube rolling mill in the Huta "Jednosc" and on modernization investments, among others in Huta "Laziska", "Baildon", and in the Carbon Electrode Plant in Nowy Sacz.

In the non-ferrous metallurgical industry the investment program envisages alongside the continuation of the expansion of the 'Zaglebie Miedziowe' Copper Field- mines "Rudna" and "Sieroszowice" - the completion of the construction of the second complex of the shaft furnace in Miasteczko Slaskie and the commission of the metal rolling mill "Warszawa" and facilities in the National Metallurgical Enterprises "Trzebinia."

To better satisfy requirements for new products, the metallurgical industry undertakes each year the production of the assortments not previously manufactured, according to modern techniques and ensuring higher functional parameters. In 1976, 53 new products were introduced, in 1977 - 61, in 1978 - 56, and in 1979 - 84. This is the result of reconstruction of the "old" steel plants which can now supply many high-quality products.

In the aggregate, in 1976-1980 the manufacture of these products was increased by 60 percent, and among assortments from the rolled steel already 35 percent are high quality products manufactured from high-grade steels, with enhanced strength and corrosionproof.

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VOJVODINA REVISES 1980 PLAN DOWNWARD

Belgrade BORBA in Serbo-Croatian 29 Jun 80 p 6

[Excerpt] Devaluation of the dinar and the FEC (Federal Executive Council) measures have been the occasion for Vojvodina business people to initiate a change in this year's Resolution on Development of the Province. The Vojvodina executive council has therefore suggested that the social product of the province increase 4.9 percent rather than 5.5 percent this year compared to 1979. The greatest "decrease" is expected in agricultural production where instead of the planned rate of 4 percent, only 2.5 percent is now expected. Industrial production is to increase by 5 percent, or 1 percent less than in the original plan, and employment by 2.7 percent; exports are to increase from [the original plan figure of] 8.8 percent to 13.6 percent. It was also proposed that imports be reduced by 2.2 percent and investments in fixed assets decrease by 3.1 percent.

Slower economic growth this year will reduce the revenue of the economy by 1.1 billion dinars (at 1975 prices). This requires that expenditures be reduced to realistic limits, i.e., that all forms of expenditure (personal, social service, public, and investment) must be restrained, but especially investment expenditures which should be reduced by 5.9 percent below that originally planned. In discussions at the meeting of the Executive Council special criticism was made of investments which were "accused" of contributing most to the complicated economic situation. However, present excessive expenditure will not be significantly stopped until all self-management interest communities, business associations, and other organizations tighten their belts. This means that their expenditures cannot increase above 16 percent over last year, which was also planned in the [original] resolution. Personal incomes of employees in the socialized sectors must increase 9 percent (rather than the originally-planned 7 percent) more slowly than mass income, while personal incomes in work communities, banks, self-management interest communities, and various associations are to increase 10 percent more slowly, rather than 8 percent as given in the [earlier] resolution.

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CHANGES IN BANKING SYSTEM STILL INCOMPLETE

Belgrade VESNIK INVESTBANKA in Serbo-Croatian Feb 80 pp 3-5

[Article by Ljubisa Plavsic]

[Text] According to the concept of the Law on the Foundations of the Credit and Banking System, which took effect in January 1979, the pooling of labor and resources should become the basic form for supplying the financial means of organizations of associated labor in the process of capital accumulation. In the present phase of the transformation of the banking system, however, that process is still in the beginning stage.

During 1977 and the beginning of 1978, states the Analysis of the Yugoslav Assembly on the Transformation of Socioeconomic Processes in Banks (February 1980), the process of institutional organization of internal, basic and associated banks, in which about 10,000 organizations of associated labor were involved, has been largely completed. In mid-1979, after adoption of the Law on the Foundations of the Credit and Banking System, there was a total of 160 basic and 9 associated banks in Yugoslavia. By year's end another 89 internal banks began to operate.

When the matter of the organization of basic banks is discussed, it appears that functions are insufficiently distributed between basic banks and their business units. There has, for example, been a clear striving for the greatest possible independence of some business units. In this at times one loses sight of the fact that the business unit is only a part of the whole, which cannot take upon itself the performance of all banking functions, or all the obligations that stem from its operations.

In the past problems have appeared in associated banks that are linked primarily to the fact that reliance on former [banking] centers is being eliminated only slowly and also that the provisions relating to associated banks in the law mentioned above have not been adequately formulated. This relates particularly to provisions concerning payment transactions with foreign countries, to the maintenance of liquidity in basic and associated banks, to the possibility of forming obligatory funds in them, and the like.

Considering the fact that internal banks are a new type of financial organization in the banking system many debatable questions have arisen. They are, first of all, connected with the pooling of available monetary resources of organizations of associated labor in internal banks, and then in the taking of credits, the temporary distribution and pooling of joint revenue through internal accounts, and in internal payment transactions.

It would be realistic to expect that in the framework of the overall changes in socioeconomic relationship in the process of social reproduction, the material position of associated labor would also be strengthened, i.e., that it would also change the socioeconomic relationships in the banks more quickly.

The resources of associated labor in banks, however, are significantly less than the credits that organizations of associated labor use from the banks. Thus, in 1977 associated labor held 24.1 percent of the capital of banks, while their share of total credits was 66.2 percent. In the following year the corresponding figures were 19.9 percent of [bank] capital, and 64 percent of [bank] credits. From these figures it can be seen that major amounts of capital of the general population and interbank credits are being directed into the economy, and that is taking place at a price that associated labor, through its managing function, cannot influence seriously. If the fact is taken into account that associated labor is chiefly a user of credit, it becomes clear that it bears the burden of interest on bank loans--interest which is a consequence of the expensive structure of capital sources in banks.

Thus, it is estimated that the capital available from the general population costs, on the average, about 12 percent. The question then arises as to the degree of actual influence wielded by associated labor, considering its needs for capital and the structure of capital sources in bank organizations. If we keep in mind that bank capital comes chiefly from the general population, foreign accumulations and other public entities, then it is clear that the possibility for associated labor to decide directly on all bank capital becomes less.

In total credits longterm credits predominate. The reasons for that vary, but one of the most important has been the weakening of the capital accumulative and reproduction capabilities of the economy, along with its indebtedness. In 1978 the economy held 87 percent of total bank credits. Of the total credits utilized by the economy, 81 percent are bank credits.

In the past 2 years the distribution of the social product has continued earlier trends. Specifically, its redistribution has been at the expense of associated labor, but has benefited other social entities. Thus, in 1977 the economy had 67 percent of the total distribution of the social product, while noneconomic sectors received 33 percent. In 1978 that ratio changed to 66 compared to 34 percent. In 1977, 63 percent of total income went to economic sectors, while noneconomic sectors received 37 percent. In 1978 this relationship had worsened to 62:38 percent.

From these facts, the analysis draws the conclusion that the material position of associated labor is not improving, and that much continues to be allocated to satisfy public and social service needs. On the other hand, relationships have not changed even in the distribution of net income, where associated labor makes direct decisions. Associated labor continues to set aside a large part for personal incomes and social service expenditures at the expense of capital accumulation and reserves.

Because of these relationships in the distribution of newly created social values, the capacity for self-financing by the economy has been reduced and the level of its indebtedness increased. The ratio between one's own and outside resources is deteriorating: in 1977 it was 51 to 49 percent, while in 1978 it was 52 to 48 percent.

The pooling of labor and capital in banks should become the basic manner for supplying financial resources to organizations in the economy. For the present, however, the transformation of the banking system is only in the initial phase. Only 0.7 percent of bank capital potential is being created on the basis of the pooling of resources.

There are a number of reasons for the slow process in pooling resources, including the insufficiently developed system of self-management planning and the lack of concrete solutions for developing the process of pooling of resources. Another reason is the insufficient capital accumulation of organizations of associated labor, along with the lack of elements that would stimulate the pooling of resources insufficient activity by all social factors, and especially by those responsible for pooling [associating], slowness in adopting certain basic systemic laws on expanded reproduction, and the rapid development of credit relationships in associated labor.

One of the basic tenets of the Law on the Foundations of the Credit and Banking System is the increased influence of associated labor on credit-monetary and banking policy. The influence of associated labor has, however, lagged in creating policy in this area. Its influence is greater in implementing credit-monetary policy.

The reasons for the decline in the possibility of associated labor influencing the creation of this policy should be sought primarily in the existing practice of extending direct credits through the printing of money. In addition, major amounts of capital from the obligatory reserves of banks are being withdrawn and distributed through national banks. The transfer of funds from obligatory reserves to banks would also affect the gradual transfer of a selective program to commercial banking.

The Law on Convertible Currency Transactions and Credit Relations With Foreign Countries is the basis for institutionalizing self-management forms and procedures. One of the basic tenets of the law is limiting the right to foreign exchange, or the granting of that right only to create foreign exchange funds in organizations of associated labor.

In this area the process of introducing self-management decisionmaking has only begun, and the administrative manner of solving disputed questions is still very common. The overall operation of banks vis-a-vis foreign countries is performed on the basis of prior confirmations, permits or agreements. Thus the essential question remains unresolved regarding a greater influence by associated labor on formulating and implementing business policy in that area.

Practical experience shows the pronounced role of banks in this area. Specifically, it is largely through the banks that organized entry is made into foreign countries; they also assure planning in that area, and coordinate interests. For more rapid recognition of the self-management function of associated labor, it should be assured that banks and associated labor plan their policy and their approach to foreign countries over a longer time period.

For the sake of more rapid resolution of existing problems, of the self-management development of banks, and the strengthening of the financial function of associated labor, it is necessary in the future for banks to prepare concrete proposals for pooling labor and resources. It is also necessary to take the initiative in further strengthening the delegate system, and to issue measures to eliminate the causes of failure to fulfill the medium-term plan in banks. It is necessary to undertake preparation of basic guidelines for drafting the new medium-term plan, and to overcome negative tendencies (such as the enclosed nature of markets [within republic boundaries], the duplication of facilities, the construction of facilities without suitable raw material bases, and others).

In order to improve the material position of associated labor, it is necessary to change more drastically relations in the distribution of the social product and income. In order to change the traditional credit relations in the economy, measures of economic policy must be used to increase its capacity to accumulate capital and to increase the possibilities for self-financing. It is also necessary to study and perfect the system of interest and compensation and to assess the influence of other factors on overall costs of operation in the banks. Many administrative obstacles must also be eliminated in this area, and the possibilities must be created for organizations of associated labor and banks to approach in a planned way transactions related to foreign countries.

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BRIEFS

TOURIST EARNINGS IN 1979--How much does tourism contribute to the balance of payments of the country? It seems the answer has not yet been found because of the different methodology used in foreign exchange revenue records. According to the National Bank, in 1979 we earned $1,023 billion from tourism. The Federal Executive Council had another figure: $700 million (30 percent less). The Yugoslav Tourist Association said that $1,2 billion had been earned, while the General Association of the Croatian Tourist Industry said $2.4 billion had been earned. At a press conference the end of May in the General Association of the Yugoslav Tourist Industry it was said that five assessments made at the Institute for the Tourist Economy in Zagreb and worked out in a study for this Association had arrived at the sum of $1.945 billion. [Excerpt] [Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 9 Jun 80 p 6]

EMPLOYMENT IN SERBIA--In the 1976-1979 period the Republic of Serbia, not including the provinces, achieved an average annual rate of employment in the social sector of 4.7 percent, or 0.7 percent more than planned. The average annual increase in the last 3 years was 11.2 percent. At the end of 1979 277,000 persons were seeking work, while in March 1980, 282,000 were seeking work. These figures also include persons who have been unemployed because they did not want to accept employment in smaller or undeveloped areas. Most of the unemployed were unskilled or semi-skilled workers, but there was also a considerable number of workers with secondary school education, as well as skilled and highly-skilled workers. There are a considerable number of unfilled jobs in associated work. There are cases, as has been pointed out, of persons refusing jobs, of not wanting to work outside the city, and of waiting for better paid or more attractive work. This indicates that cadres are still inadequately trained to meet the needs of associated work. In the next plan period employment of young professions must be the most important task in employment policy. [Excerpt] [Pristina JEDINSTVO in Serbo-Croatian 24 Jun 80 p 2]

MEAT EXPORTS FROM SERBIA--Meat exports from Serbia (not including the provinces) this year should amount to $123 million in value which is about one-third of total Yugoslav meat exports. In the last 5 years the number of cattle and pigs has changed considerably and unevenly: we had the most cattle in 1975, while last year the number declined by 2 percent. This year

Serbia could export 30,500 tons of heifers and young beef valued at $70.7 million. If the prognosis on exporting 10,000 tons of heifers is fulfilled, this will be twice that of last year. It is expected that $17.5 million worth of canned beef, $7.2 million worth of milk, horses valued at $6 million, and $4.5 million worth of lamb can be exported from Serbia this year. [Excerpt] [Belgrade EKONOMSKA PLITIKA in Serbo-Croatian 16 Jun 80 p 15]

CHANGES IN SERBIAN DEVELOPMENT PLAN--The Serbian Assembly's Executive Council recently prepared draft changes and additions to the Resolution for this year which will soon be presented to the assembly delegates. The draft proposal had taken into account the consequences of the changes in the exchange rate of the dinar, the rise in prices and measures to be taken to support stabilization. Exports are to increase by 10 percent instead of the previously planned rate of 6 percent. This can be realistically expected because an increase of 24 percent has been achieved in the first 5 months of this year. Imports are to increase 4.5 percent. This expansion in exports depends on achieving a 4-5 percent increase of the social product. Last year over 82 billion dinars were spent on capital investments, or considerably above realistic financial possibilities. This year there is an estimated 12.7 billion dinars available for investment, but in the first 2 months the outlays for investment in fixed assets exceeded this figure. Thus, a slowing of the real rate of investment growth from 6 to 3.5 percent is planned. In accord with the commitment that all parts of society should bear the burden of stabilization equally, it was suggested that this also be applied to pensioners. Accordingly, the commitment is that the limit on an increase in pension payments this year should be [i.e., not exceed] the increase in average nominal personal income and the increase in the cost of living. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 2 Jul 80 p 4]

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